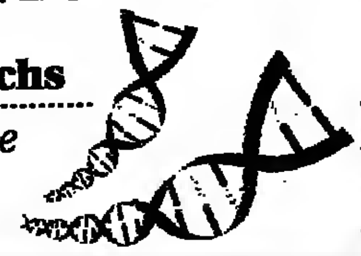
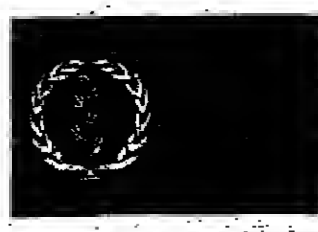
FINANCIAL TIMES

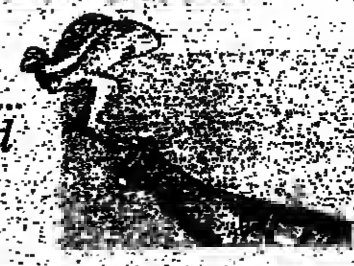
Goldman Sachs
Is now the time to go public?
Page 15



Gene genius
A map of humanity
Page 14



Eritrea
Self-reliant and back on track
Page 5



TOMORROW'S
Weekend FT
A different way to celebrate

World Business Newspaper

FRIDAY DECEMBER 22 1995

Lithuanian bank officials arrested on fraud charges

Three top Lithuanian banking officials were arrested on suspicions of fraud in a banking crisis which government officials warned could damage the nation's economy. The chairman of Innovation bank, the country's largest commercial bank, was arrested after he hid inside the bank for 12 hours while anti-terrorist units surrounded the building. Page 16

Brussels warning on Serbska aid: EU commissioner for external affairs, Hans van den Broek, warned that the self-styled Serbska republic in Bosnia could not expect international aid for reconstruction until it handed over convicted war criminals. Page 2

Barings will fail this year to meet its profitability targets set by ING Group, the Dutch financial services company which bought the UK merchant bank for £660m ($1bn) in *March after it collapsed.* Page 17

US supports Libyan investment sanctions: The US Senate has voted to impose sanctions on foreign companies that make new investments of at least $40m in Libya's oil and gas sector to press Tripoli to hand over two Libyans accused of bombing Pan Am Flight 103 over Lockerbie in Scotland in 1988. Page 5

Rolls-Royce, the aero-engines and industrial power group, ended the search for a new chief executive with the appointment of John Rose, currently the company's aerospace activities managing director. Page 17

Budget impasse delays Jupiter report: After travelling the 580m miles from Jupiter to Earth over four days, the world's most eagerly awaited weather report from the Galileo spacecraft has been delayed by the US budget impasse. Page 6

S Korea charges ex-presidents: Former South Korean presidents, Chun Doo-hwan and Rob Tae-woo, face possible death sentences after they were indicted on charges relating to a 1979 army coup. Page 9

Russian Communists demand key seats: Russian Communists said they would demand key positions in parliament, including the chair, as additional electioo results confirmed a massive swing to the left in last Sunday's parliamentary election. Page 2

Silvio Berlusconi's brother jailed: Paolo Berlusconi, brother of the former Italian prime minister Silvio, was sentenced to 16 months in prison for paying L1.08bn ($647,000) in bribes to local authorities in Milan. Page 3

Brussels probes platinum merger plan: The European Commission has opened an investigation into plans by the South African-based companies Gencor and Lonrho to merge their platinum businesses, fearing the tie-up could stifle competition. Page 4

Canadian Airlines International will post a loss of between C$185m and C$195m (US$135m-$142m) for 1995, nearly twice the level expected by analysts. Page 20

Austrian party leader faces charges: Austrian anthorities are considering laying criminal charges against Jörg Haider, the leader of the country's far-right Freedom party, for alleged neo-Nazi activities. Page 4

Air crash kills 160: US aviation experts headed for Cali, Colombia, to help investigate the crash of an American Airlines airliner with 164 people aboard. Four people were reported to have survived. Page 6

Charlton bows out as Ireland soccer chief:

Jack Charlton quit as Ireland manager, eight days after his side failed to qualify for next year's European championship finals. After meeting football officials in Dublin, the 60-year-old former England defender said he had felt for some time that there was a need for a change.

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	5,067.26	(+7.94)
NASDAQ Composite	1,035.40	(+10.13)
Europe and Far East		
CAC40	1,834.38	(+3.18)
DAX	2,266.07	(+3.0)
FT-SE 100	3,633.3	(+19.6)
Nikkei	19,053.25	(+204.66)

■ US LUNCHTIME RATES

Federal Funds	5¾%
3-mth Treas Bills: Yld	5.023%
Long Bond	110⅞
Yield	6.112%

■ OTHER RATES

UK: 3-mo Interbank	6⅜%	(6½%)
UK: 10 yr Gilt	106⅜	(106⅜)
France: 10 yr OAT	106.91	(107.4)
Germany: 10 yr Bund	102.74	(102.95)
Japan: 10 yr JGB	113.142	(113.626)

■ NORTH SEA OIL (Argus)

Brent 15-day (Feb)	$17.86	(17.76)

■ GOLD

New York Comex		
(Feb)	$388.7	(389.6)
London:		
close	$387.6	(387.8)

■ DOLLAR

New York lunchtime		
£	1.5363	
DM	1.43945	
FFr	4.938	
SFr	1.15765	
Y	101.80	
London:		
£	1.5391	(1.538)
DM	1.4402	(1.4434)
FFr	4.9413	(4.9614)
SFr	1.1588	(1.1585)
Y	101.845	(101.935)

■ STERLING

DM	2.2165	(2.2199)
Tokyo close:	Y 101.85	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$20	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft215	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw110.00	Iceland	IKr220	Nigeria	Naira80	Slovak Rp	Sk60
Cyprus	C£1.10	India	Rs75	Norway	NKr12.00	S. Africa	R12.00
Czech Rp	Kc55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta250
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 4.20	Syria	S£50.00
Finland	FM15	Kuwait	Fils625	Portugal (m'land)	Es230	Tunisia	Din1.500
France	FFr11.00	Lebanon	US$1.50			Turkey	L80.000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

Juppé appeals for united attack on unemployment

By David Buchan in Paris

New proposals to revive France's flagging economy were announced yesterday by Mr Alain Juppé, the prime minister, who urged unions and employers to negotiate reduced working hours to create jobs for unemployed young people.

At the start of a "social summit" called to pacify the country's striking public sector workers, Mr Juppé said despair about unemployment, which averages 11.5 per cent nationally and is double that for young people, was at the root of the recent wave of *industrial disputes.*

He called on unions and employers to join him in a new attack on unemployment which, coupled with measures to stimulate growth, would send out a pre-Christmas message of hope.

He set a goal of creating 250,000 jobs for youngsters by the end of 1996, and said he would not try to legislate working time reductions, which unions and employers should negotiate themselves.

A small demonstration by the pro-Communist CGT federation took place near tha meeting. Leaders of the CGT and the Force Ouvrière federation warned before the summit that anti-government protests could start again if it failed to produce concreta results.

The Bank of France yesterday shaved a further quarter percentage point off its 5-10 day "repurchase" rate to bring it down to 5.85 per cent.

The bank, which has independence in setting monetary policy, appears to be bending over backwards to help the government by reducing the cost of money without jeopardising the franc.

A grateful Mr Juppé hailed the *fact that the central bank's* base intervention rate, cut to 4.45 per cent last week, was now "at its lowest level for two decades".

Despite pressure, including from his own backbenches, Mr Juppé yesterday held to his plan to impose a new 0.5 per cent income levy on January 1 to repay past social security debt.

But he promised there would be no further tax increases, and that the tax burden would start easing next year as health insurance charges were progressively replaced by a rise in the general CSG social security levy. This, he said, should help consumption.

Mr Juppé said he was instructing Mr Jean Arthuis, economy and finance minister, to propose a new stimulus for the construction sector and to ease the rules on company savings schemes to enable employees to take money out of them earlier, in the hope that they would buy consumer goods.

Under pressure also from President Jacques Chirac, Mr Juppé suggested three further "social summits" with unions and employers by next summer to work on the problems of youth unemployment and on the possibilities of reducing work time.

A bizarre note was struck by Mr Charles Millon, the defence minister. In his capacity as the president of the Rhône-Alpes region, he persuaded his regional council yesterday to vote for local companies to reduce working hours from 39 to 32, but to pay their workers for 35.

The state, as well as the region, would pay for the missing three hours. Aides to Mr Juppé said Mr Millon's local action did not commit the government.

Congress bill set to rewrite law on US telecoms

By Nancy Dunne in Washington

Regulatory walls between industries to be torn down

The US Congress is set to pass a landmark bill rewriting US telecommunications law and tearing down the regulatory walls between telaphone, cable and broadcast industries.

A deal between White House and congressional negotiators means the proposed legislation, which includes new penalties for distributing obscene material on computer networks, is expected to be approved in the next week.

The dacade-long effort to rewrite telecoms law was hailed by Mr Al Gore, vice-president, as "a ceotrist bill for the 21st century" speeding completion of the information superhighway.

The bill, agreed after talks on Wednesday, is designed to cut prices for consumers by allowing local and long-distance telephone companies and cahle television monopolies to compete with each other.

The White House and Congress needed to resolve a protracted dispute between long-distance carriers and the regional Bell companies. The "Baby Bells" are monopolies created to snpply local telephone services after the court-ordered breakup of the AT&T system. Long-distance companies, which have been competing fiercely with each other, will be allowed to offer local telephone services. Local telephone and cable companies can also enter the long-distance market. However, it will be left to the Justice Department to decide when the competitive conditions are appropriate for companies to enter a new market.

House and Senate representatives agreed several concessions to win support for the measure from Senate Democrats and the White House. Congressional negotiators agreed to drop provisions that could have led to media monopolies. The bill also guaranteed discount rates for telephony and media services for schools and libraries, and a retained Justice Department role in policing the telephone industry.

Some Repuhlicans were unhappy that the legislation delayed until 1999 deregulation of rates for large cable television systems. The bill also disappointed on-line providers of computer services because it dropped a provision preventing the Federal Communications Commission from regulating the Internet.

The final deal was cut by the House and Senata commerce committea chairmen, leading Democrats and the White House. It must still be approved by members of tha House-Senate negotiating committee before returning to both houses for final passage. Mr Clinton has signalled he will approve the compromise bill.

House and Senate Republicans pushed for legislation relaxing federal limits on concentration of media ownership. Mr Rupert Murdoch, who owns 12 US television stations and has interests in 17 others, was one of the leading proponents of the measure.

However, the administration and Senator Ernest Hollings, the senior Democrat, baulked at increased media concentration, which they feared would intensify right-wing infiuence. Although the final bill would allow companies to own more television and cable stations in a region, the Federal Communications Commission will still have powers to restrict ownership.

A telecoms regulator and ambassador, Page 7

US singer's contract among most lucrative ever

Janet Jackson: one of the few stars to have clinched a bigger deal is her brother Michael, who records for Sony Music

Virgin close to $90m deal with Janet Jackson

By Alice Rawsthorn in London

Janet Jackson, the US singer, is believed to be in the final stages of negotiating a recording contract worth up to $90m with Virgin Music, the record label owned by Thorn EMI, the UK leisure group.

The agreement would be one of the most lucrative ever given to a recording artist. One of the few stars to have clinched a bigger deal is Ms Jackson's brother, Michael, who records for Sony Music.

Thorn EMI yesterday confirmed that Virgin, which signed a previous contract with Ms Jackson in 1991, was in talks with her, but said it had not yet signed a new contract. It refused to comment on the content of the current talks.

Ms Jackson's talks coincide with intense speculation about the possible sale of EMI Music, the division that includes Virgin, after its proposed demerger from Thorn EMI late next year.

They also come at a time of fierce competition among leading record labels to sign global stars. Several labels are now racing to sign R.E.M., the US rock group which is nearing the end of its contract with Warner Music.

Continued on Page 16

Che beer leaves Cubans foaming at 'exploitation'

By Stephen Fidler in London and *Ian Rodger in Zurich*

Tbe Cuban government is pressing a Britisb businessman wbo signed a deal to market Cuban beer in Europe to stop exploiting the name of the revolutionary hero Che Guevara.

Che beer has become popular in some of London's trendiest bars since it was launched in the UK earlier this year by Mr Joe Grahame, a former investment banker.

The beer's motto – "Banned in the USA. It Must Be Good" – exploits the US embargo of Cuba as a marketing tool.

The beer was launched with a fanfare suggesting it was a symbol of how Fidel Castro's government, abandoned by its former Soviet sponsors, was embracing capitalism.

In fact, Che beer is not only banned in tbe USA, it is also going down like a lead balloon in Havana.

Important people in Cuba – sucb as tbe guerrilla leader's widow – have not been consulted. With the search for the body of Guevara continuing in Bolivia, wbere he was killed 28 years ago, Che beer has become a severe embarrassment to the Cuban government.

The beer is not actually brewed anywhere near Havana, but in Hertford, in tbe soutb of England. Its only Cuban content, says Mr Grahame, is citrus fruit that gives it a distinctive flavour.

An original plan to import beer from Cuba – agreed between the state-owned Havana Rum and Liquors and the Panama-registered company Mr Grahame represents – met quality control problems.

Some of the samples were too acidic, occasionally cloudy and of varying alcohol content, which made them unsuitable for sale in Europe.

Mr Grahame says be is running short of supplies of the beer because of difficulties in obtaining the Cuban fruit. "It would be a shame to abandon the project. Che beer has become very popular," be says.

The Cuban embassy in London does not want to talk about it. However, officials from Havana say Mr Grahame has no agreement with them to use the name.

Mr Grahame may legally be within his rights to use the name without Havana's permission. However, he says: "The last thing I want is a major dispute with the Cuban government."

Che beer is not aloue in exploiting his image. Swatch, owned by Switzerland's leading watchmaker SMH, included a "Che" watch in its spring collection.

Swatch says the watch, which carried the word Revolucion on the strap, sold like hot cakes. One of the reasons: an order from the Cuban government for 10,000 pieces.

CONTENTS

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LONDON • LEEDS • PARIS • FRANKFURT • STOCKHOLM • MADRID • NEW YORK • LOS ANGELES • TOKYO

NEWS: EUROPE

Polish minister accuses PM of spying

By Christopher Bobinski in Warsaw

Poland was thrown into political turmoil yesterdey when Mr Andrzej Milczanowski, the interior minister told parliament that Mr Jozef Oleksy, the prime minister, had passed secret documents to "foreign agents" for five years. Mr Lech Walesa, the ontgoing president, meanwhile came under scrutiny from the tax authorities.

The Gdansk tax office has frozen Mr Walesa's hank account egainst e claim of unpaid tax on a $1m payment received from Warner Bros, the US entertainment group, in 1989 for the rights to a film ebout his life which was never made. Mr Walesa revealed the payment during the presidential election campaign hut has been trying to avoid having to pay tax on it.

The controversies surrounding Poland's two highest officials statement erupted two deys before Mr Walesa is due to hand over the presidency to Mr Aleksander Kwasniewski, who earlier this month edmitted to lying about his educational qualifications during the hard fought presidential election campaign.

The interior minister's accusation against the prime minister evidently referred to the Russian security services and was followed by an emotional denial hy an evidently shaken Mr Oleksy. He told parliament, "I have never been anybody's agent". Mr Oleksy said he wes ready to stand trial to have his name cleared and claimed that any evidence that he had acted as a spy for a foreign power had been fabricated.

Mr Milczanowski, e former Solidarity activist, reported the alleged offence to the military prosecutor's office on Tuesday. Today the prosecutor is due to rule on whether the evidence warrants an investigation.

Prime minister Jozef Oleksy pictured (right) in parliament yesterday Reuter

Mr Milczanowski, who, together with the foreign and defence ministers, was nominated hy Mr Walesa, leaves office today. The three are resigning as e gesture of solidarity with their chief who also leaves office today.

Describing his speech as "one of the most difficult moments in my life", Mr Milczanowski denied it was a "provocation, manipulation or attempt to blackmail Mr Oleksy". He said final proof had come in October in an investigation which had lasted several years and included information from sources both "at home and abroad". "These were not incidental contacts with agents who were acting under diplomatic cover," he asserted.

The clash hetween Mr Oleksy and his interior minister came after a day of political manoeuvring in parliament. Mr Waldemar Pawlak, leader of the Polish Peasant party, the junior coalition partner explored abandoning Mr Oleksy's Democratic Left Alliance (SLD) and forging links with opposition parties to form e new administration. But the effort collapsed when the SLD threatened new elections.

Editorial comment, Page 15

Communists to demand key Russian posts

By Chrystia Freeland in Moscow

Russian Communists eaid yesterday they would demand key positions in parliament, inclnding the chair, as additional election results confirmed e massive swing to the left in Sunday's parliamentary election.

Government officials are insisting that the vote will not effect foreign or domestic policy, hnt the Communists' strong showing has prompted both Russian and western politicians to urge the country's quarrelling democrats to unite around e single presidential candidate.

It is the forces of the left, who are expected to control more than 180 of the 450 seats in parliament, who now seem to he setting the political agenda.

Mr Valentin Kuptsov, a deputy leader of the Communist party, said the central committee presidium had decided yesterday to press for e Communist to become speaker of parliament when it convenes next month. Communists would also demand control of key committees, which play an important role in drafting legislation.

The mainstream Communist party received another important boost yesterday when Mr Viktor Anpilov, head of the radical leftwing Working Russia party, which surprised analysts by receiving 4.57 per cent of the popular vote, said he would hack the Communist party's candidate for the presidency next year.

By contrast, Russia's reformers remain deeply divided and both western and domestic politicians warned that unless the democrats united over the next six months they risked handing the presidency to a Communist or ultra-nationalist candidate.

Mr Yegor Gaidar, the former prime minister who launched Russia's market reforms hut whose Russia's Choice party won fewer votes than Mr Anpilov's radical Communists, urged Russian democrats to support e single presidential candidate.

Otherwise, he warned, "Zyuganov [the Communist leader] and Zhirinovsky [the ultra-nationalist] will go through to the second round of presidential elections and voters will have to choose between a Communist and an ultra-nationalist as president".

In the first public sign that the US is also worried about such an outcome, Mr Warren Christopher, US secretary of state, elso urged Russian reformers to rally around a single leader.

Yesterday also brought the first high-level hint that the election result could be subject to a legal challenge. Mr Ivan Ryhkin, speaker of the ontgoing legislature whose own party won less than 2 per cent of the popular vote, said that if the four parties expected to dominate the new parliament together accounted for less than 60 per cent of the total vote the Constitutional Court might be asked to annul the elections on the grounds that the result did not represent the views of a majority of the electorate.

Latest results in Russia's parliamentary election show an even stronger swing to the Communists. With the votes counted in 192 of the country's 225 electoral districts, the Communist party had 21.99 per cent, Mr Vladimir Zhirinovsky's ultra-nationalist Liberal Democratic party had 11.14 per cent, the pro-government Our Home is Russia party had 9.65 per cent and the reformist Yabloko party had 7.11 per cent.

Preliminary results available from all 225 first-past-the-post constituencies gave the Communists 58 seats, the closely-allied Agrarian party 20 seats, and the leftwing Power to the People party 9 seats. Yabloko had 14 seats and Our Home is Russia 10.

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Alitalia chairman spells out plans

By Andrew Hill in Milan

Mr Renato Riverso, chairman and chief executive of Alitalia, yesterday ontlined plans for restructuring and recapitalising the tronbled Italian state airline, to the state holding company Iri, which is the majority shareholder.

According to one Iri director, quoted hy the Ansa news agency, Mr Riverso said Alitalia was considering e capital increase of L1,500bn ($940m) over four years, of which L1,000bn would be paid immediately. Neither Iri nor Alitalla would confirm the figures.

A capital injection of that size wonld almost certainly attract the critical scrntiny of the European Commission, given that the airline has not yet returned to profit.

Mr Riverso took over the post of chief executive in October from Mr Roberto Schisano, ousted after his restructuring plan led to months of disruptive industrial action. Iri accnsed him of felling to deliver the financial results he had promised under his plan.

He faces a struggle convincing nnions that the new plan is any better. After an inconclusive meeting with management, nnions yesterday said they opposed the proposal for an 18-month freeze on industrial action "in exchange for nothing". Details of the plan have not heen released, although newspapers have reported that it involves disposing of non-strategic bnsinesses and new targets for passenger and freight growth.

The plan, which covers the next three years, is understood to set Alitalia the initial target of hreaking even, e prereqnisite for the capital increase. It also says the eirline should add to its alliances with other carriers in North America, Asia and Europe, and enlarge existing partnerships with compenies snch as British Midland, Malev of Hungary (in which it has a 35 per cent stake), and Continental of the US.

Iri has already said it would be prepared to rednce its stake in Alitalia as part of the capital increase, allowing other private investors to hny into the national flag-carrier.

Aid to Bosnian Serbs tied to war crimes trials

By Lionel Barber in Brussels

The self-styled Serhian "republic" in Bosnia cannot expect internetional aid for reconstruction until it hands over suspected war criminals, Mr Hans van den Broek, the European Union's commissioner for external affairs, said yesterday.

Mr van den Broek's warning came at the end of e two-day international donor conference for Bosnia which reached its $500m target for the first three months of 1996.

The funds are intended to kick-start the Bosnian economy and restore basic services such as gas, electricity and water. A second international conference in March will seek commitments for the overall Bosnian reconstruction programme, estimated to cost around $5hn.

Mr van den Broek, who co-chaired the Brussels conference with the World Bank, said the promised funds sent a "clear signal of hope" to all the people of Bosnia.

But he joined the US in stressing that aid can only be disbursed to the Bosnian Serbs on condition that war criminals are brought to justice – a reference to wanted suspects, Mr Radovan Karadzic, the Bosnian Serb leader, and General Ratko Mladic, the Boenian Serb military leader.

Mr van den Broek said these were the conditions agreed in the Dayton peace accords. "It is not e matter of revenge. You cannot expect people to return to e normal state and a new life, if e minimum of justice is not done ... to show those people responsible for war crimes that they cannot commit these crimes with impunity."

More than 40 countries and 20 internationel agencies attended the Brussels meeting. There were also preliminary talks on the daunting task of co-ordinating the aid effort with the Nato military operation and the civilian administration led hy Mr Carl Bildt, the former Swedish prime minister.

The EU contribution, including funds from the European Commission and national coffers, amounts to around 50 per cent of the initial $500m. The World Bank is putting up $150m, while the US offered $63m, the Dutch $57m, and the British $20m.

These figures eppear to hreech French-led demands that the Europeans pey an equivalent one-third share of the reconstruction effort. But officials stressed that hurden-sharing could only be assessed once the final package was agreed, along with other factors such as humanitarian aid.

The World Bank is to take the lead role in technical and macro-economic issues relating to reconstruction.

The European Commission, along with select member states, take part in the steering committee overseeing aid dishursement and Implementing the peace.

One potential source of friction is that generous donors such as the Netherlands, which also sent a battalion of troops to Bosnia, want a seat on the steering committee. Membership is so far confined to the Group of Seven industrialised countries, the European Commission and a small number of other unspecified countries.

Manor House, Cranborne, Marcus May, 1993, Private Collection.

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EUROPEAN NEWS DIGEST

Jail for brother of Berlusconi

Mr Paolo Berlusconi, brother of Silvio, the former Italian prime minister, was yesterday sentenced to 16 months in prison for paying L1.08bn ($677,000) in bribes to local authorities to develop a golf course in the suburbs of Milan.

The Milan court rejected Mr Berlusconi's defence that he had been constrained to pay the bribe, but took note of his offer to repay L1.3bn in damages to the local authority. Mr Berlusconi immediately lodged an appeal.

Two years ago he took over ownership of Edilnord, the construction group founded by his brother, and has already received a six-month prison sentence for making illegal payments to political parties in relation to a Milan refuse treatment contract.

He is also currently on trial for corruption in relation to the sale of property to the pension fund of Cariplo, the Milan savings bank. On Wednesday Brescia magistrates requested he be sent for trial for allegedly aiding and abetting the blackmail of Mr Antonio Di Pietro, the leading anti-corruption magistrate. *Robert Graham, Rome*

Latvia ends premier deadlock

The Latvian parliament yesterday endorsed Mr Andris Skele as prime minister, ending nearly three months of political uncertainty in the Baltic state.

An entrepreneur with little prior political experience, Mr Skele, 37, said his priorities would be to maintain the stability of the lat, Latvia's national currency, to balance the budget and to open the property market to foreign investors. In foreign policy, Mr Skele said that he would continue to press for Latvia to be admitted to the European Union and Nato – but said he also hoped to establish a stable relationship with Russia.

Mr Skele was the third candidate to be nominated for the post since October parliamentary elections. The two previous contenders were rejected by the splintered legislature where nine parties are represented but none controls anything approaching a majority.

Mr Skele is expected to create a coalition government of at least five of the parties. *Chrystia Freeland, Moscow*

Waigel urges strict austerity

Mr Theo Waigel, the German finance minister, has warned cabinet colleagues of the need for more austerity in federal government spending in view of slower growth and sluggish tax revenues.

Acting before the already tough 1996 federal budget has been published in the official gazette, Mr Waigel said the government intended to order a 1 per cent across-the-board cut in federal civil service jobs in 1997. He also said administrative spending would be frozen in 1997 at next year's level.

In a letter outlining his ideas for the 1997 budget, Mr Waigel promised to make the federal administration more efficient and smaller, partly through closing or merging government agencies. He said his goal was to cut the federal civil service back to its level before German unification five years ago.

The minister warned that there was simply no scope for increased spending. Any emergency outlays would have to be matched by cuts elsewhere. According to the Finance Ministry, the 1997 budget is due to be discussed by the cabinet on July 3 next year. *Peter Norman, Bonn*

Italy's cabinet seeks budget deal

The Italian government was yesterday locked in intense negotiations with Italy's main political parties to broker a deal to allow the 1996 budget to be approved by the end of the year.

The main stumbling block was finding a formula to get around the effects of Monday's unexpected amendment, passed by the lower house, which demanded increased spending cuts instead of taxes to find an extra L5,250bn ($3.3bn). This extra amount, separate from the main 1996 budget's L32,000bn in new taxes and spending cuts, was made necessary by a projected shortfall in 1995 revenues. Yesterday the government was trying to persuade the parties to accept a deal whereby the "mini-budget" was funded by a mix of spending cuts and increased taxes on cigarettes and petrol. There were signs the rightwing alliance, headed by Mr Silvio Berlusconi, the former prime minister, and responsible for introducing Monday's amendment, might back down.

Both supporters and opponents of the government were prepared to let voting on the contents of the 1996 budget continue yesterday – a move intended to separate approval of the 1996 budget from the "mini-budget" of L5,250bn. *Robert Graham, Rome*

Paris says Algiers ties improved

The French Foreign Ministry yesterday claimed Wednesday's brief fence-mending visit to Algiers by Mr Philippe Séguin, president of France's National Assembly, had helped improve strained relations between the two countries.

This visit was the first by a senior French politician to Algiers for 18 months. It followed president Jacques Chirac's decision to cancel a planned October meeting at the United Nations in New York with president Liamine Zeroual on the grounds that the latter wanted to exploit the publicity for his re-election last month. The Elysée palace said Mr Séguin, who was invited by his Algerian counterpart, had not passed on any specific presidential message when he saw Mr Zeroual on Wednesday.

The French government is increasingly making its FFr5bn ($1bn) a year aid to Algeria dependent on progress to democracy and reconciliation between the military-backed government and its Islamic opponents. *Reuter, Paris*

Sabena softens stance in dispute

Sabena, the Belgian national airline, hinted yesterday that it might reconsider its decision to scrap collective labour agreements, which has sparked strikes in recent weeks.

Mr Pierre Godfroid, the Sabena chairman, said he hoped to reach agreement with unions on a restructuring plan designed to help pull the loss-making carrier out of the red. "From then on everything is negotiable again," he said.

Sabena unions have announced the suspension of all further action until next month. They are also protesting against plans to freeze wages for three years and increase working hours at peak periods. *Reuter, Brussels*

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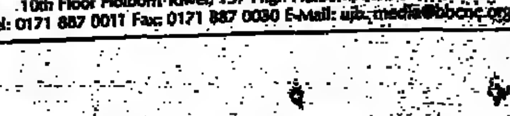

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British minister Tony Baldry in Brussels yesterday: "It's not foreigners we have to fear. It's the simple fact that too many vessels are chasing too little fish." *Reuter*

EU fisheries ministers try to carve up a shrinking catch

Deborah Hargreaves and **David White** report on the struggle to balance preservation of stocks against fishermen's livelihoods

European Union fisheries ministers yesterday began haggling in earnest over next year's fishing quotas in a session that was likely to extend through the night. They are hoping to soften the impact of savage cuts suggested by the European Commission in order to conserve stocks, so they can return home claiming victory, however small.

Fishermen in the UK, Netherlands, Spain and France, who face the biggest reductions, are putting their ministers under intense pressure to secure an easing of the quota cuts. The British government was defeated on fishing policy in a vote in the House of Commons on Tuesday night.

Brussels has proposed halving quotas for some species of fish where scientists point to dramatic stock declines. Biggest quota cuts are proposed for North Sea plaice, sole, mackerel, hake in the western waters around Ireland and herring.

Next year will also see the arrival of Spanish and Portuguese fishermen in the Irish Box – the waters around Ireland – for the first time since these countries joined the European Union. British fishermen have bitterly opposed opening up these waters.

Ministers must try to strike a balance between conservation and maintaining the livelihoods of their national fleets. "It's not foreigners we have to fear. It's the simple fact that too many vessels are chasing too little fish," said Mr Tony Baldry, British fisheries minister.

However, fishermen's groups dispute the scientific evidence on which the quota proposals are based and argue that severe cuts will bankrupt many trawler owners.

"We think these cuts will see 20 of our vessels going out of business," said Mr Johan Nooithedaht, chairman of the Dutch Fishery Association.

Fishing in the Netherlands is based largely on flat fish such as plaice and sole for which the most severe cuts are proposed. The Commission wants a 47 per cent reduction in the North Sea plaice quota and a similar cut for sole, since these fish are caught together.

Fishermen at Lowestoft, on Britain's east coast, say their 18 specialist flat fish trawlers would all go out of business, leading to the collapse of the port.

Spanish fishermen would be hit particularly by lower quotas for hake, greatly prized on their home market, and for megrim, a kind of flatfish. "These are essential species for us," said Mr Reinaldo Iglesias, manager of the fishing boat owners' co-operative in Vigo, the biggest Spanish fishing port, where about a quarter of the fleet operating in EU waters is based.

He warned that Spain's fleet would inevitably shrink if overall quotas for these fish were cut by more than 20 per cent, as the Commission has proposed. He added that Spain's share of these quotas was already too small.

It had exhausted its national hake quota for this year, as of Wednesday, and had come to the end of its allowance for monkfish a few days ago.

Scientists are most concerned about stocks of species for which there has been increased fishing effort and where numbers of young fish have declined severely. While the Commission recognises the need to balance conservation against fishermen's economic needs, it will be seeking to maintain significant reductions in key stocks.

It realises, however, that one of the main problems facing the EU fishing industry is overcapacity. Since 1991 member countries have been required to reduce the capacity of their fleets by 20 per cent, but few countries, particularly the UK, have achieved anything like that reduction. Next year, Brussels will propose a second programme of capacity cuts, which it says must go a lot further than the original one.

Environmental groups have been arguing for drastic action to conserve fish stocks for many years. The environmental campaign group Greenpeace said yesterday: "It is totally irresponsible on the part of the managers, and suicidal on the part of the industry, to continue to avoid the necessary measures to solve the deepening fisheries crisis."

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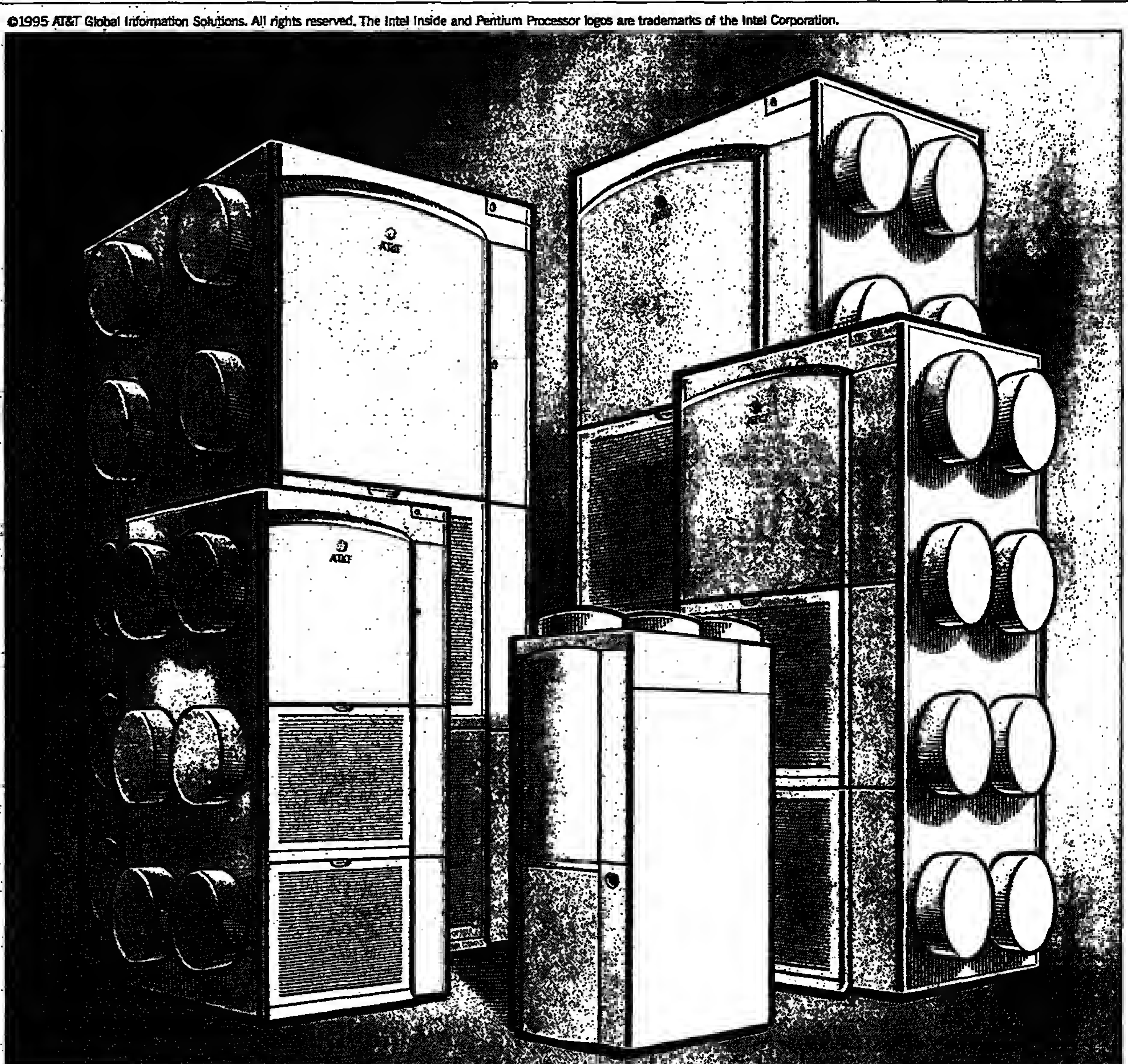

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Austrian far-right chief faces Nazi case

By Ian Rodger in Zurich

Austrian authorities are considering laying criminal charges against Mr Jörg Haider, the charismatic leader of the country's far-right Freedom party, for alleged neo-Nazi activities.

The investigation comes in the wake of the broadcast by a German television network last week of an amateur video showing Mr Haider addressing a secret meeting of veterans of Hitler's Waffen SS in his home province of Carinthia in October – weeks before last Sunday's election in which his party won 22 per cent of the vote.

In his address, Mr Haider, who has often been accused of neo-Nazi sympathies and who once praised the employment policies of the Third Reich, called the veterans "decent people of good character" and praised them for "sticking to their convictions despite the greatest opposition".

Mr Haider, whose populist style has transformed the Freedom party in 10 years from a spent force to the country's third largest political party, initially tried to brush off questions about the meeting and his remarks. But he then defended his views in an interview on Austrian television.

"Everything I said in that video was completely acceptable. The Waffen SS was a part of the Wehrmacht (the army of the Third Reich) and hence it deserves all the honour and respect of the army in public life," he said.

Haider addressed a secret meeting of SS veterans a week before his party won 22 per cent of the vote

Historians generally agree that the Waffen SS was not part of the Wehrmacht, but was a separate brigade reporting directly to Hitler and his top associates and deeply involved in the mass extermination of Jews.

Reminded that the post-war Nuremberg war crimes tribunal had branded the Waffen SS a criminal organisation, Mr Haider replied: "That does not interest me in the least."

Mr Dietmas Pacheiner, Klagenfurt public prosecutor, said yesterday: "Wa are conducting criminal investigations into the comments and speech made by Jörg Haider in Krumpendorf (Carinthia) on the basis of the law against reviving Nazism."

Mr Haider has been aiming at winning enough votes in tha next elections to become chancellor. This affair could seriously damage his prospects.

Other leading politicians called on him to withdraw from politics, and the co-chairmen of the national parliament demanded that he apologise to victims of the SS.

The secret meeting with SS veterans took place on the fringe of the annual Ulrichsberg gathering in southern Austria, a ceremony commemorating second world war veterans and which is known to ettract former SS officers and neo-Nazis.

Mr Haider said later he saw no reason why he should not take part in the Ulrichsberg ceremony.

"While I reject Netional Socialism, I certainly do not approve of the wholesale disparagement of the older war generation."

Mr Haider's parents were both active in the Nazi party in the 1930s.

Discontent favours the Islamists

Turkey's Refah party will benefit from disgust factor on Sunday, writes John Barham

It is hunger for justice, not religion, that is driving Turkay's radical Islamic Refah party ahead in the general election race that ends of Sunday. The party owes its ascendancy more to widespread disgust at government corruption and incompetence than a wish to transform Turkey's 70 year-old secular repnblic into an Islamic state.

"Refah will not be as corrupt [as other parties] because they are religious. This is what people vote for," says Mr Erdoğan Uzun, an Istanbul shopworker.

If opinion polls are right, Refah could emerge as one of the largest parties in parliament with about 20 per cent of the vote. However, mainstream parties will probably form an anti-Refah coalition.

There is plenty to complain ebout. Inflation has dropped from e record 126 per cent last year, but is still 84 per cent. The economy is growing fitfully, but not enough to create enough new jobs for e rapidly growing population.

Refah (Welfare) proposes instead an Islamic "Just Order" to rebuild society along Islamic lines, but does not spell ont clearly how this would work. It says it would seek a "balance" between the public and private sectors and establish an Islamic community of nations and introduce Islamic law.

Turkish political leaders at a pre-election television debate (left to right): Alpaslan Turkes (Nationalist Action), Tansu Çiller (True Path), Deniz Baykal (Republican), Ugar Dundar (TV host), Mesut Yilmaz (Motherland), Bulent Ecevit (Democratic Left) Reuter

Radical Islam has alweys been e political force since the establishment of e multi-party parliamentary system in 1950. Refah, or its precursors, have sometimes taken up to 15 per cent in elections and even participated briefly in a coalition government in the 1970s.

Refah's rise mirrors e growing trend to embrace Islamic values in Turkish society. This is immediately apparent by the surge in construction of new mosques throughout Turkey, even though it already has about 80,000 mosques. About 500,000 children, or one in 10 of secondary school pupils, now attend state-funded religious schools. Women completely shronded in black *chadors*, once rare, have become a common sight in Istanbul.

Even mainstream politicians like Mrs Tansu Çiller, the prime minister, or her bitter rival Mr Mesut Yilmaz, leader of the conservative opposition Motherland party, have made concessions to Islamic values in their speeches. Mr Yilmaz, widely tipped to become the next prime minister, has recruited a number of radical Islamists as parliamentary candidates.

However, the majority of Turks while considering themselves good Moslems do not want to see the secular state swept away.

"Turkey will never be like Iran," says Mr Nafiz Şahinler, a businessman. "Most people here still like Atatürk. We are the majority."

Refah is committed to change though democracy, not force of arms. Indeed, in recent weeks it has watered down some of its more radical ideas. Party officials say a Refah government would not ban interest rates as it once said it would and it would co-operate with the European Union in the EU-Turkey customs union that will come into force next year.

Instead, it is adopting a populist line. For instance, it has announced that it will abolish taxes on wages.

Laws ban the publication of opinion polls to avoid affecting the outcome of the election, but pollsters say that the Motherland party is now pulling into the lead, leaving Refah in second place and Mrs Çiller's conservative True Path party third.

However, a US banker based in Istanbul comments: "[Refah] will provide a strong and effective opposition, tying the hands of the government. We are looking at 18 months of paralysis and fresh elections in two years' time."

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Irish Steel's survival spans political divide

By John Murray Brown in Dublin

The future of Irish Steel looks assured now the UK has lifted its veto of Dublin's I£30m (£30.99m) refinancing of the loss-making Cork plant, Ireland's only steel mill.

Its closure, with the loss of 350 jobs, would have had a dramatic impact on the local community, where unemployment is 16 per cent.

Mr John Bruton, the prime minister, clearly identified himself with its fate, even at the risk of damaging relations with his UK counterpart, Mr John Major, at a critical time in the Northern Ireland peace process.

Given the jobs involved, its survival is almost a political imperative for any party in government, despite the commercial arguments against pumping in more taxpayers' money.

"The fate of Irish Steel was always likely going to be e big political issue. Both Ireland and the UK are in the countdown to general elections. This is raw constituency politics," says opposition Fianna Fail Cork MP, Mr Micheál Martin.

Mr Bruton's Fine Gael party has also been keen to counter the impression that Cork was in some way discriminated against – some had feared that this might happen in reaction to the premiership in the 1970s of Mr Jack Lynch, a Cork man who promoted a number of local people to high office.

"When Fianna Fail was in power they drew a line between Wexford and Galway and for anything south of that line there was nothing doing et all," says Mr William Cuddy, president of the Cork chamber of commerce.

Irish Steel was set up when the policy of industriel self-sufficiency – linked to economic independence of the UK – prevailed. Now, the traditional protected industries like steel, textiles and shipyards are finding it increasingly difficult to compete, and government attention has shifted to promoting new enterprises in electronics and chemicals.

Shipbuilders have closed, unable to compete with the Far East. The Sunbeam knitting machine factory is limping on, but with barely 150 staff compared with 2,000 when Ireland joined the European Union in 1973.

"I know people who haven't worked since Ford and Dunlop closed down, and that was more than 10 years ago," says Mr John McDonnel, a local union official. New recruits to local companies all had modern qualifications.

Cork's future prosperity is now tied up with multinational computer companies such as Apple, the biggest inward investment in the region, which employs 1,500 workers – Cork is one of its main European manufacturing centres.

The electronics industry is strongly snpported by the national micro-electronics research centre at Cork University. The city is also the main hub for Ireland'a foreign-owned chemical and pharmaceutical sectors, with Pfizer heving a large plant and Sandoz being e recent arrival.

But there are tensions between industry and environmental lobbies, which are likely to intensify as tourism emerges as the region's largest foreign exchange earner. Cork and Kerry account for around 40 per cent of national tourist receipts. Dow, the US chemical concern, pulled out of e planned project at nearby Youle, after protests from environmentalists.

Lonrho-Gencor deal faces probe

By Emma Tucker in Brussels and David Lascelles in London

The European Commission has opened a full investigation into plans by Johanneshurg-hased Gencor and London-based Lonrho to merge their Snnth African platlnum businesses.

Brussels fears the tie-np, which will create the world's largest platinum producer, could stifle competition in the market for platinum gronp metals which are particularly important in the manufacture of jewellery, catalytic converters and oil drilling equipment.

Althongh the platlnnm interests of Gencor and Lonrho are in South Africa, both have substantial operations in the European Union.

The merger, notified to the Commission last month, involves share exchanges between the two companies, with respect to Impala Platinum Holdings (Implats), Eastern Platinum and Western Platinum. The operation will result in Lonrho receiving new shares in Implats.

These would be listed on the Jnhannesburg Stock Exchange and the International Stock Exchange in London. Following the issue of new shares, Gencor and Lonrho will each hold abont 32 per cent of the shares in Implats. The remaining shares will be held by the public.

The deal has already been approved by ahareholders of Implats, which is 46.5 per cent nwned by Gencor, and by South Africa's competition board.

"There is a risk that this tie-up could create an oligopolistic situation," said a Commission spokesman. Analysts estimate that the combined operatinn wnuld prodnce about 1.6m oz of platinum a year, or about 38 per cent of the market.

The world's other main prodncer, Rustenburg Pletinum Holdings, also of South Africa, has roughly the same market share.

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Landslide election victory for Mauritius opposition

By Michael Holman, Africa Editor

The leader of Mauritius for 13 years, Sir Anerood Jugnauth, was swept from office yesterday after an opposition alliance led by Dr Navin Ramgoolam, a 48-year-old Hindu, and Mr Paul Berenger, a former finance minister, won all 60 elected seats in parliamentary elections.

The new government immediately pledged to continue the Indian Ocean island's market-driven economic policies while giving higher priority to social welfare.

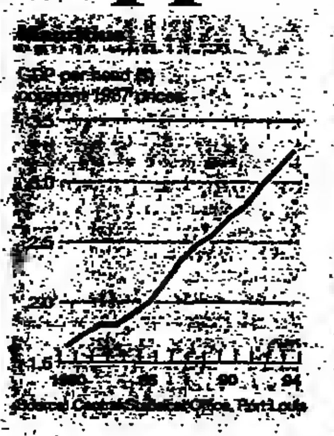
Mr Berenger, a Franco Mauritian whose electoral base has been in the trade union movement, is deputy prime minister in the new government.

The Hindu community accounts for 52 per cent of the 1.1m population and the opposition base was among Creoles, the one-third of Mauritians who are of white or mixed-blood extraction.

Dr Ramgoolam, who qualified as a doctor before switching to law, said he would stick to the same "winning formula" of economic liberalisation, but promised to keep election pledges of equal opportunities and helping the poor.

"Keeping growth higher than now is my commitment to this country," he said.

Sir Anerood: formidable leader



The last time any government was beaten so thoroughly was in 1982 when Mr Berenger, then allied with Mr Jugnauth, *ended 14 years of rule* by the late Sir Seewoosagur Ramgoolam – Navin's father – who led Mauritius to independence from Britain in 1968.

Mr Berenger said he believed voters threw Sir Anerood out of office as he was doing little to end communal unrest, ethnic divisions, or repair infrastructure especially in poor areas.

"It comes down to whether people can sleep in decent houses or not, whether their roads are good, whether they think the man in the high office has time for them," he added. The result ends one of the most remarkable records of any leader of a multi-party democracy. Prime minister since 1982, *Sir Anerood* had fought and won four elections.

He joined the Mouvement Militant Mauricien (MMM) in 1971, and was elected as an *MMM legislative assembly* member in 1976, before leading the party to an overwhelming victory in the 1982 elections.

After a split in the party he formed the Mouvement Socialiste Mauricien. In his early years as leader Sir Anerood, a Hindu, was in the shadow of Sir Seewoosagur, but turned out to be a formidable leader in his own right who can claim much of the credit for the transformation of the once depressed economy.

In the 1960s, *Professor James* Meade, a leading British economist, warned that high population growth and rising unemployment could lead to "*ultimate catastrophe*".

But the reforms introduced by Sir Anerood and Mr Berenger, which were drawn up with the backing of the World Bank and the International Monetary Fund in the early 1980s, turned the economy round.

The government reduced the island's heavy dependence on sugar by developing a flourishing export promotion zone which turned Mauritius into one of the world's leading clothing exporters, boosted tourism, and created an off-shore financial services sector.

Since the mid-1980s gross domestic product has averaged more than 6 per cent a year, inflation has fallen to single *figures, unemployment* is under 2 per cent, and GDP per head has doubled to more than $3,000.

But the new government will be hard pressed to maintain past levels of growth. The export processing zone faces a more competitive international climate, and the expansion of tourism is constrained by environmental factors.

Eritrea's quest is to build a nation with sweat, not debt

Improvisation and self-reliance are the rare watchwords in one of Africa's smallest and poorest countries, writes **Michela Wrong**

In a blazing expanse of desert scrubland a group of grey-haired men in overalls labour over what once used to be a railway. The dusty rolling stock, abandoned iron sleepers, rusted bolts and grizzled veterans all have one thing in common. With 60 to 70 years of service behind them they would, by many people's reckoning, be regarded as past it.

Yet these pensioners are spearheading one of the Eritrean government's most exciting new projects: the plan to rebuild the Italian railway that once linked the Red Sea port of Massawa with the highlands capital of Asmara 117km away.

The tale of Eritrea's railway goes straight to the heart of the rebel movement-turned-government that has ruled since winning its 30-year guerrilla war *against Ethiopia*.

Since gaining independence in 1993, Eritrea's leaders have forged a highly individual path towards recovery, determined to remain autonomous from a world that ignored their struggle and avoid mistakes made by other African countries in the post-independence era.

The watchwords are improvisation and self-reliance. Thus aid flows – after emergency food relief – are small, although Eritrea is one of the world's poorest countries. The cohorts of western "experts" that haunt sub-Saharan capitals largely absent and there is no sign of the aid-dependent culture common to so many African states.

Soon after the war it became clear that Eritrea needed to rehabilitate the railway built by the Italian colonialists to take pressure off the over-used road supplying the capital. An array of foreign companies offered to lay a new track, price tag: $200m-$400m.

The government could have taken the conventional route – applying for loans and piling up future debts. Instead it decided to do the job itself.

Thousands of sleepers dismantled and used to strengthen trenches during the war years were collected up. Steam engines rusting in hangars were oiled down. Railwaymen who had trained under the Italians were summoned out of retirement. They brought with them maps and documents they had hidden away in the 1970s when Ethiopia's Marxist regime, deciding the railway was finished, ordered all paperwork burnt.

"The World Bank could have provided part of the loan to cover a commercial offer," says Giorgis Tekle Mikael, the transport minister. "But our policy is to use our resources as much as possible. Then and only then, if there is still something missing, do we ask for loans."

A veteran railway worker shows the way in e country whose independence war motto was: 'Don't kneel down' Michela Wrong

So far only 30km of track have been laid and with the hardest part – the section through the mountains to the plains more than 2,000m above – still to come, it will be several years before locomotives puff their way to Asmara.

But by using local labour, experience and original materials, the government expects the final bill for a line that will carry 30 per cent of the country's total imports each year to reach between 25m ($3.5m) and 30m birr – a fraction of the sum demanded by the foreign companies.

The approach is typical of an organisation that adopted the motto "Never kneel down" during the years when it was snubbed by the west and targeted by an Ethiopia-friendly Soviet Union.

In power at last, the Eritrean People's Liberation Front (EPLF), rebaptised the People's Front for Democracy and Justice, has not been afraid to stipulate terms to the World Bank, International Monetary Fund and bilateral donors. Well-wishers can find the government prickly to deal with.

"The leadership has been in the countryside, they know the people, they feel their heartbeat," says Haile Woldense, finance minister. "We cannot accept that an expert comes here for a few days and dictates terms. We must be the owners of our own programme."

Aid proposals are carefully scrutinised and sometimes rejected as inappropriate. Non-governmental organisations are thin on the ground, their staff expected to pay tax. And earlier this year the authorities expelled two World Food Programme (WFP) workers and two USAID officials deemed to have stepped out of line.

Nor is the government shrinking from creating new enemies. It has outraged former ally Khartoum by hosting e meeting of Sudanese opposition groups and earlier this week issued a sharp warning to another friend by attacking a garrison Yemen had established on the disputed Red Sea island of Greater Hanish.

The price for such pride at a time of western weariness with Africa can be high.

Once the modern industrial heartland of Ethiopia, exporting manufactured goods to east Africa, Eritrea has had its once-impressive economy shattered by the war. *Per capita* incomes are among the lowest in the world and in a bad year up to 75 per cent of the population relies on food aid.

Two years ago President Isaias Afewerki estimated that an emergency recovery programme, focusing on building houses for a returning diaspora and finding jobs for 52,000 demobilised fighters, would cost $2bn.

But a series of donor conferences have only brought a fraction of that sum: pledges at Eritrea's first consultative group meeting in Paris totalled $250m for 1995.

Ministers confess their disappointment but remain convinced that in the long term they will succeed in forging a stronger, more productive relationship with donors than countries showing unquestioning compliance.

They believe that private enterprise will spearhead the much-needed export-led revival, convinced that Eritrea's virtually uncharted coastline offers huge potential in the form of oil and gas reserves, precious minerals, fishing stocks and opportunities for tourism.

Two years after a referendum that voted 99.8 per cent in favour of independence, the government still enjoys an extraordinary level of popular support. But to retain that backing, it must prove itself capable of improving living standards.

"We have to produce a success story for those people who suffered and lost during the war," says Mr Woldense. "The next few years will be crucial."

Christians grow anxious as Israel hands Bethlehem to PLO

By Mark Dennis in Bethlehem

Israel turned over control of Bethlehem to the Palestinian Authority yesterday in time for Mr Yassir Arafat, the Palestinian leader to celebrate Christmas there.

But amid the fireworks, hugging and flag-waving preceding the first Christmas free of Israeli occupation in 28 years, there was a more sombre feeling among many of the dwindling number of Palestinian Christians living in the West Bank, who fear the uncertainty that lies ahead.

While Bethlehem is not as politically important as other larger West Bank towns, the birthplace of Jesus Christ and the Christmas celebration there each year have become important symbols of Palestinian nationalism. Nowhere is this more apparent than at Manger Square, where a huge picture of Mr Arafat flutters above the souvenir shops, dwarfing the traditional Christmas decorations and pictures of the holy family.

Mr Arafat is due to arrive in Bethlehem on Christmas Eve and stay for midnight mass. Security is expected to be tight. About 50,000 worshippers, many of them foreigners, are likely to turn up for mass in the Church of the Nativity or outside in Manger Square.

Bethlehem is the fifth town to gain autonomy since the accord expanding Palestinian autonomy in the West Bank was signed in September. Ramallah, north of Jerusalem, and parts of Hebron will gain autonomy before Palestinian elections, scheduled for January 20.

The Israeli redeployment, delayed a few days until a bypass road for Israeli settlers was completed on Wednesday, went smoothly as the last Israeli military jeeps left the police station at Manger Square and the first of a contingent of 850 Palestinian police and soldiers took over. It was Israel's first handover of a West Bank town not carried out in the middle of the night to avoid confrontations with Palestinian youth eager to get a departing shot at the Israeli soldiers, reflecting the relative calm in the area.

As with the previous redeployments, there was little protest from Israeli opponents to the process, who have been silenced by the assassination of Mr Yitzhak Rabin and now largely regard the expanding autonomy as a *fait accompli*. Israelis have voiced concern, however, over the security arrangements around Bethlehem because it is so near Jerusalem, only a few kilometres to the north.

Mr Michel Sabbah, patriarch of the Roman Catholic church in the Holy Land, who has often criticised Israel and the implementation of the peace process, welcomed Bethlehem's autonomy. "Freedom is given back to the town where Jesus was born and to other Palestinian towns, though many obstacles and limits to peace still persist," he said this week.

But many of Mr Sabbah's followers, as well as other local Christians, are paradoxically not so happy to see the Israelis leave. While there's little overt Moslem antagonism against Christians, and several Christians have prominent positions in the Palestinian Authority, they worry about what Moslem majority rule will do to their rights.

They especially fret over the influence of Moslem fundamentalists and also fear the *economic consequences* of the autonomy, particularly the impact on tourism. "We only see the negative sides of the agreement," said Mr Khader Zoghby, a professor at Bethlehem University, adding "autonomy might actually accelerate emigration".

Emigration is a big concern for local and international church leaders. Numbering only 2.5 per cent of the population of the West Bank and Gaza, Palestinian Christians have been leaving the area in droves, mainly to countries in North and South America. As a result, Bethlehemnow has a majority Moslem population.

BP and Algeria to sign $3.5bn gas accord tomorrow

By Roula Khalaf

British Petroleum is to sign a $3.5bn (£2.3bn) gas deal with Algeria's state-owned oil and gas company Sonatrach tomorrow, the Algerian news agency said yesterday.

The partnership agreement with Sonatrach calls for the joint development of gasfields in the In-Salah region, 1,200km south of Algiers. A special feature of the deal, which took two years to negotiate, is the setting-up of a joint marketing company to sell gas in Europe, where Sonatrach is already an important supplier. BP is expected to bear 65 per cent of the project's costs and is entitled to about a third of the profits.

The contract, the biggest partnership signed by Sonatrach, should last for 20-30 years. It was expected to be signed last weekend but hit a last-minute legal hitch within the Algerian government.

A near four-year struggle pitting Islamic militants against security forces has not deterred energy companies seeking contracts in Algeria. Oil and gas fields are in the southern part in the country; most of the violence, in which over 40,000 people have died, has occurred in the north.

Senate targets Libya investors

By Afshin Molavi in Washington

The US Senate has voted to impose sanctions on foreign companies thet make new investments of at least $40m (£25.9m) in Libya's oil and gas sector. The aim is to put pressure on Tripoli to hand over two Libyan suspects accused of bombing Pan Am Flight 103 over Lockerbie in Scotland in 1988.

The Libyan sanctions were approved late on Tuesday in a unanimous voice vote as an addendum to the Iran oil sanctions bill which was passed without dissent in the same session and similarly targets foreign companies investing in Iran's energy sector.

The sanctions might directly affect several big European oil and gas companies. In Libya, the most active European companies are Agip (Italy), Repsol (Spain), OMV (Austria), Veba (Germany), and Winterschall (Germany). In Iran, Total and Elf Aquitaine of France and Agip could feel the bite.

The Iran legislation, sponsored by Senator Alphonse D'Amato of New York, is designed to punish Tehran for allegedly sponsoring terrorism and halt the growth of its nuclear weapons programme. The European-American Chamber of Commerce, based in Washington DC, has warned of the possible negative impact on the Multilateral Agreement on Investment (MAI).

"The US jeopardises its leadership and credibility in MAI and future negotiations if it adopts a secondary embargo on Iran," Mr Willard Berry, president of the chamber, said.

The House of Representatives is scheduled to debate its own Iran sanctions bill in early January. In its present form, there is no mention of Libya. The addition of Libya could result in the legislation being stalled because of State Department opposition.

Earlier versions of the D'Amato bill have been softened in recent negotiations with the Clinton administration which opposed the original bill. The final version gives Mr Clinton a wide array of mandatory and discretionary sanctions.

It would no longer prohibit imports from targeted companies, does not include restriction on government procurement from targeted companies and does not deny entry visas to the US of business executives from targeted companies.

It would, however, impose restrictions on targeted financial institutions in US securities dealings and deny loans over $10m to the companies from US financial institutions.

The most contentious aspect is the restriction on access to credit from US financial institutions for targeted companies.

PUBLIC NOTICES

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUBSECTIONS 8(5) AND 10(6) OF THE TELECOMMUNICATIONS ACT 1984

The Secretary of State hereby gives notice as follows.

1. He proposes to grant a licence under the Telecommunications Act 1984 ("the Act") to National Transcommunications Limited ("the Licensee") to run telecommunication systems throughout the United Kingdom. The licence will be for a period of 25 years subject to earlier revocation in specified circumstances.
2. The principal effect of the licence will be to enable the Licensee to install and run telecommunication systems throughout the United Kingdom. The Licensee will be able to provide a wide range of services but excluding mobile radio services and certain international services. The licence authorises connection to a wide range of other systems, including earth orbiting apparatus, allowing the provision of some types of international satellite service. On securing a share of 25% or more of the market in respect of particular services in an area specified by the Director General of Telecommunications, the Licensee may be obliged to make available those telecommunication services to all who reasonably request them within that area.
3. The licence will be subject to conditions such that section 8 of the Act will apply to it, thereby making each of the systems run under the licence eligible for designation as a public telecommunication system under section 9 of the Act. It is the intention of the Secretary of State to designate each of the Licensee's systems as a public telecommunication system.
4. The Secretary of State proposes to grant the licence in response to an application from the Licensee for such a licence because he considers that it will help to satisfy demands in the United Kingdom for the provision of services of the type authorised, will promote the interests of consumers in respect of the quality and variety of such services, and will maintain and promote effective competition between those engaged in the provision of telecommunication services.
5. He proposes to apply the telecommunications code ("the Code") to the Licensee subject to certain exceptions and conditions throughout the United Kingdom. The effect of the exceptions and conditions to the application of the Code is that the Licensee will have duties:
   (a) to comply with various safety and environmental conditions, in particular (with certain exceptions) to install lines underground or only on such above-ground apparatus as is already installed for any purpose;
   (b) to comply with conditions designed to ensure efficiency and economy on the part of the Licensee, in connection with the execution of works on land concerning the installation, maintenance, repair or alteration of its apparatus;
   (c) to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities and English Nature, Scottish Natural Heritage, the Countryside Council for Wales, the National Trust and the National Trust for Scotland, as well as relevant electricity suppliers;
   (d) to keep and make available records of the location of underground apparatus and copies of the exceptions and conditions in the licence to its powers under the Code; and
   (e) to ensure that sufficient funds are available to meet certain liabilities arising from the execution of street works.
6. The reason why the Secretary of State proposes to apply the Code to the Licensee is that the Licensee will need the statutory powers in the Code to install and maintain the telecommunication systems which are to be installed and run under the proposed licence.
7. The reasons why it is proposed that the Code as applied should have effect subject to the exceptions and conditions referred to above are that they are considered requisite or expedient for the purpose of securing that the physical environment is protected, that there is no greater damage to land than necessary, that the systems are installed as safely and economically as possible, and that the Licensee can meet (and relevant persons can enforce) liabilities arising from the execution of works.
8. Representations or objections may be made in respect of the proposed licence, the application of the Code to the Licensee and the proposed exceptions and conditions referred to above. They should be made in writing by 31 January 1996 addressed to the undersigned at the Department of Trade and Industry, Telecommunications Division, Room 2.57, 151 Buckingham Palace Road, London, SW1W 9SS. Copies of the proposed licence can freely be obtained by writing to the Department or by calling 0171-215 1756.

Alan Proud
Department of Trade and Industry

22 December 1995

This announcement appears as a matter of record only

Deutsche Handelsbank Central Russia Regional Venture Fund

An equity fund of US Dollars 33 million for investments in privatised and new enterprises in Central Russia to support modernisation and restructuring in the Russian economy.

Equity provided by

European Bank
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Financial support for consultancy services provided by
Government of the Federal Republic of Germany via Kreditanstalt für Wiederaufbau

Fund management

DEUTSCHE HANDELSBANK AG
CREDIT LYONNAIS GROUP

Signed in Berlin, London, Frankfurt am Main – 22 November 1995

NEWS: THE AMERICAS

Budget impasse delays spacecraft data, economic figures and charity donations

By Jupiter! America's shutting down

The Nase space probe Galileo, seen via a computer image, about 215,000 km from Jupiter early this month. The line of dots represents radio signals from the probe Picture: Reuter

By Clive Cookson in London, Jurek Martin in Washington and Christopher Parkes in Los Angeles

After travelling the 580m miles from Jupiter to Earth over four days, the world's most eagerly awaited weather report has disappeared into the black hole that is the US budget impasse.

A probe from Nasa's unmanned Galileo spacecraft – the first buman-made object to visit the giant planet – parachuted through the turbulent atmosphere of the giant planet two weeks ago. It transmitted observations of temperature, pressure, wind speed, electrical activity and chemical composition for an hour before heat and pressure destroyed it.

Scientists were to release preliminary results through a briefing at Nasa's Ames Research Centre in California on Tuesday, bnt that was postponed indefinitely due to the partial shutdown of the federal government precipitated by the acrimoninus budget negntiations in Washington.

Recorded telepbone messages at Ames yesterday said no new date had been set and asked callers not to leeve a message "as nn-one will be checking messages during the furlough". At the Jet Propulsion Laboratory in Pasadena, California (Galileo mission headquarters), a live vnice said: "Nothing will happen until the government is recalled. We cannot release any information until then."

Although the JPL scientists immediately concerned with the project are still at work, no hints of the Galileo findings have reached the outside world – not even via the Internet, the worldwide computer netwnrk that is the usual source of scientific gossip. A logo of an unhappy face has been gracing the Nasa News web site.

The government shutdown, the second in a month, has also hit charities. Those who compile and rely on economic data have joined tourists as leading victims of the second partial sbutdown of the federal government within a month.

Several charities in the Washington area, where most of the laid-off federal employees are, have reported seasonal fund-raising as well short of targets because of the absence of paycheques, although civil servants will eventually be reimbursed.

Yesterday, the labour department was unable to produce its data on weekly unemployment claims, figures watched closely by the financial markets. On Wednesday, the commerce department, which, along with labour, produces most of the official economic statistics, could not publish trade figures for October. Revised economic statistics, compiled on an innovetive "chain-weighted basis" aimed at eliminating distortions due to price fluctuations, have also been delayed.

Even those seeking to get away from it all over the holiday weekend were hitting problems because of the budget farrago. Campers, hikers and such were yesterday being shooed out of the 360 national parks. In California's Yosemite park, bowever, 55 dedicated kitchen staff continued their seasonal chores for a blow-out ritual unbroken since 1927. This is the Bracebridge Feast, an eight-course beano, alleged to be modelled on a party in a medieval English manor house.

US probe of 757 crash in Colombia

Seven US aviation officials were set to leave for Cali, Colombia, yesterday to help investigate the crash of an American Airlines airliner with 164 people aboard, the US National Transportation Safety Board said, agencies report from Washington and Bogotá.

The cause of the crasb, which happened on Wednesday evening in an area of south-western Colombia where rebels are active, was not known. There was no indication that it was related to the rebels or to drug traffickers in Cali, where the Boeing 757 aircraft was heading.

A Colombian radio station quoted Red Cross officials as saying four people, including a young girl, were known to have survived the crash.

Eyewitness accounts were contradictory, but police said they had received telephone calls from people in the area reporting an explosion before the aircraft crashed.

Most of the passengers were reported to be Colombians travelling bome for the holidays. Cali is the hub for a cartel which supplies much of the world's cocaine.

'Tis the season to be taking advantage

Jurek Martin sees the White House all smiles as it finds the Speaker under its Christmas tree

There could have been gloom at the American first family's Christmas party on Wednesday night. The Senate was voting to subpoena Whitewater notes, the House of Representatives had overriden the president's veto of the securities bill, and Mr Robert Novak, the "prince of darkness" conservative columnist, was prowling the White House state rooms with a dangerously disarming smile.

In fact, President Bill Clinton and his men were in boliday mood, courtesy of conservative Republicans in the House, the latter driven on by the freshman class of 1994. Although the battle is far from over, the White House crew sensed that the npposition had made its first great tactical error, just as the endgame of budget chess entered its critical stage.

On Wednesday – breathing sound, fury and ill-disguised contempt for Mr Clinton – the Republican right had scuttled the carefully constructed agreement of Tuesday between the president, Senator Bob Dole, the Senate majority leader, and Congressman Newt Gingrich, the Speaker of the House.

This would have ended the current partial shutdown of the government while setting a course for wider negotiations to achieve a balanced federal budget within seven years. The conservatives insisted that the agreement had pnt the cart before the horse and that 260,000 civil servants would stay off the joh until the president capitulated on the bndget.

Mr Clinton instantly took advantage of the opening, just as Wall Street was showing its disapproval with the continued impasse by dropping 70 points in an afternoon. He condemned

The president gleefully drove a wedge between the warring Republican factions. "I don't know with whom I am supposed to reach an agreement," he said sarcastically

the "extremist minority" in Congress and wondered out loud at a news conference how long "the tail will keep wagging the dog up there". Then, hours later, he took his own initiative to restart negotiations.

He gleefully drove e wedge between the warring Republican fections, cumplimenting Mr Dole on his efforts in "good faith" to resolve the confrontation and donbting Mr Gingrich's ability to lead or even control his own troops. "I don't know with whom I am supposed to reach an agreement," he said sarcastically.

The media picked up the president's judgment. The first paragraph of e front-page analysis in the New York Times yesterday, by Mr Adam Clymer, its congressional expert, began: "The 73 Republican freshmen who made Newt Gingrich a powerful Speaker in January played a central role in making him look feeble today."

Mr Gingrich was uncharacteristically non-committal after the Wednesday denouement, saying occasional setbacks were not surprising, given the stakes. But Mr Dole was reported to be furious with the

Mr Gingrich's basic options are to stay with his conservatives and be part of the problem or to abandon them and contribute to a solution for which he could still claim a fair degree of credit

resistance of the House Republicans, not least because he had taken to the Senate floor on Wednesday morning to say that he expected a temporary government funding resolution to be passed before the day was over.

The relationship between the super-confident and ideological freshman class and the Speaker now looks more difficult. They had appeared almost inseparable, bound together by their electoral debt to his design of the Contract with America manifesto and by his use of them as shock troops – this combined with a deference that newcomers to Congress have rarely been accorded.

But now, in the budget crunch, they suspect Mr Gingrich is about to compromise with an administration they loathe over issues central to their beliefs – a large cut in taxation, the evisceration of the social safety net and a radical return of federal powers to the states.

The problem for the conservative revolutionaries, which Mr Clinton is now seeking to exploit by isolating them, is that they remain a minority – not even a blocking minority if moderates of both parties choose to work together for a common goal, such as a mutual agreement on a balanced budget.

His accolade this week from Time magazine as its Man of the Year notwithstanding, Mr Gingrich's popularity has plummeted. He may entertain variations but his basic options are now to stay with his conservatives and be part of the problem or to abandon them and contribute to a solution for which he could still claim a fair degree of credit.

That is not the choice this self-proclaimed "revolutionary" Speaker ever wanted to face, which explains why the White House, only too happy to take on Mr Dole and a divided Republican party for the presidency next November, is feeling the Christmas spirit.

California to free up power supplies

By Christopher Parkes in Los Angeles

California, which has the highest power prices in the US, is tn be the first stete to deregulate its electricity market under federal laws approved in 1992.

Industrial users will be allowed to shop around for the cheapest supplies from 1998; all other customers will have access to free-market rates by 2003.

A compromise deal approved by the state's Power Utilities Commission allows the three publicly-qnoted generating companies, which share $17bn of tbe state's annnal $20bn market, to recoup investments in nuclear generation which would be uneconomic under free-market conditions.

Consumers will absorb these costs and excess charges resulting from federal rules obliging utilities to support alternative power generation sources, as a supplement on their monthly bills until 2005.

The plan includes creating a pool into which generators will sell electricity. Spot prices will be fixed hourly by supply and demand. An independent company will control and ensure supply, but lines will still be owned by the utilities.

Despite consumer protests that the utilities' interests were to have priority, Southern California Edison said it would cut rates 25 per cent "effective January 1 2000". Electricity in California costs 50 per cent more than the US average.

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هكذا من الأصل

Production of vehicles in China slows

By Haig Simonian, Motor Industry Correspondent

Production of new vehicles in China, one of the most promising markets for the international motor industry, has grown much more slowly this year after several years of rapid expansion.

Figures from the ministry of foreign trade show vehicle output increased by only 5 per cent to 1.12m units in the first nine months of 1995, compared with 1.07m in the same period last year. While car production rose by almost 15 per cent to 227,900 units between January and the end of September, output of jeeps, trucks and chassis all increased much more slowly.

The figures, collated by Campbell Haynes, a UK-based consultancy on the Chinese motor industry, come as a surprise after the steep increases in output in the 1990s, when China's annual vehicle ootpnt virtually doubled from 713,000 units in 1991 to 1.4m in 1994.

The figures, which suggest a sharp decrease in the rate of growth of demand, are supported by data for vehicle imports. While imports of semi- and completely-knocked-down cars have risen by 24 per cent in the first eight months of this year, imports of completed cars and of trucks fell heavily.

China imported 12,857 complete cars between January and the end of August – a drop of 46 per cent over last year. However, the figures make no allowance for the large number of cars believed to be imported illegally into China.

Truck imports, at 8,462 units, were 77 per cent lower than in 1994.

Imports of buses also dropped heavily, although the unit volume was relatively small compared with other types of vehicles.

The drop in car imports, which reflects rising domestic production and restricted access to foreign exchange, reinforces a trend first seen last year, when imports fell by 51 per cent to 34,688 units, compared with 71,182 in 1993.

The figures show that China's policy of encouraging foreign carmakers setting up local production to build up an associated components sector is proving successful.

Many foreign car companies, such as Volkswagen and Peugeot-Citroën, which have negotiated ambitious joint ventures with local partners, have persuaded western component manufacturers to follow suit.

A Guide to the Chinese Automotive Industry, Campbell Haynes, 01446 772415, £325/$520

China's motor industry: idling?

The telecoms regulator who likes to behave as ambassador

Alan Cane talks to the FCC chief who sees his role as taking the stage to bring the US view of open competition to the world

Hundt: favours competition, not individual competitors

Mr Reed Hundt tells a self-deprecatory story about his qualification to be chairman of the US Federal Communications Commission, the body responsible for regulating everything from mobile telephony to broadcast entertainment.

"Some say I was picked for this job because I went to high school with the vice-president and law school with the president. These are coincidences. I was selected because I have the same birthday, March 3, as Alexander Graham-Bell [inventor of the telephone]."

It has been a mixed year for Mr Hundt, a little known anti-trust lawyer until two years ago, and now one of Washington's most influential figures.

The high points include presiding over the $7.7bn auction of licences for personal communications services – advanced cellular telephony – in the US, and giving the green light to a transatlantic alliance between Sprint, the third-largest US long-distance carrier and Deutsche Telekom and France Télécom, a deal which will bring Sprint an investment of $4.2bn from its European partners.

Low points have included a barrage of attacks from detractors who complain that under Mr Hundt's stewardship, decision-making has slowed drastically. The Republican-minded Progress and Freedom Foundation recently called for the FCC's abolition arguing that over-zealous regulation had harmed competition and new services in the telecommunications business.

The FCC's survival is not in doubt. But its role is soon to change once the US government opens its internal market to competition, changing the rules to allow long-distance operators to compete in local markets and local operators to challenge the loog-distance carriers. That prospect moved one step closer yesterday after Democrats and the Republicans reached s compromise deal on a telecoms bill to deregulate the industry.

He describes the Senate view of the FCC as a "gatekeeper", turning people away – telling local telephone companies, for example, that they had not done enough to open their markets to competition and so were not qualified to enter the long-distance market.

The House of Representatives, he says, takes a more liberal view of the agency's responsibilities: "It would be more of a reporter, simply announcing 'now the day has come'."

A resolution of the argument is expected soon, possibly before the end of the year.

Mr Hundt is a regulator, though he dislikes the term. But he behaves as an ambassador for the US view of free markets and open competition.

"In the World Trade Organisation talks [on the introduction of free competition in world telecoms business] we are... working arm in arm with the US trade representative. This is a negotiation about business: Mickey Kantor [the USTR] and I are old friends and it is a pleasure to support him."

Last month he took the stage at a Brazilian telecoms conference to ram home yet again the message of open competition, arguing for a new model for the FCC: "We should be more like judges than legislators. We should favour competition instead of individual competitors. We should not be captured by any industry; we should be fair to all."

Mr Hundt is proud of the agency's handling of the auction of personal communications services licences earlier this year. "Nobody ever held a successful auction of the airwaves until we did it. It was a fascinating and hideously complex challenge."

Allowing participants to communicate before the bidding but not afterwards led to the formation of large consortiums. "We made them come together because they had to communicate quickly to decide the markets they wanted to bid on. In two months we had created these enormous telephone companies."

Sprint, for example, joined forces with the cable companies TCI, Cox and Comcast, while Airtouch got together with the "Baby Bells" Bell Atlantic, Nynex and US West. AT&T bid on its own. They will offer the next generation of low-cost mobile telephone services for residential customers as well as businesses.

Mr Hundt is fascinated by the idea of auctioning an estimated $37bn worth of digital television spectrum (airwaves), which Congress is thinking of giving away freely to broadcasters. "Fundamentally, suctions are fast, fair and efficient. They force business combinations and lead to efficient use of the spectrum."

India licenses more mobile telephones

By Shiraz Sidhva in New Delhi

The Indian government yesterday issued 21 cellular telephone licences to eight companies operating in 15 so-called telecom "circles".

The successful bidders have deposited an aggregate Rs8.9bn ($254m) in fees for the first year of a 10-year licence.

The new licencees include Reliance Telecom, a consortium between Reliance Industries and Nynex of the US, which won licences for seven "circles" – which approximately correspond to state boundaries – including Orissa, West Bengal, Madhya Pradesh, Bihar, Assam, the North-East, and Himachal Pradesh; US West-BPL, a consortium between the US telecommunications giant and a Bangalore-based electronics group, which won licences for Tamil Nadu, Kerala, and Maharashtra (excluding Bombay); and Koshika Telecom, an alliance between Koshika of India and a Philippines telecoms group, which won three circles – Orissa, Uttar Pradesh West and Uttar Pradesh East.

WORLD TRADE NEWS DIGEST

Estee Lauder heir invests in Slovenia TV

Central European Media Enterprises, the biggest investor in private commercial television and radio stations in eastern Europe, has launched the first independent national television service in Slovenia in a joint venture with two Slovenian media entrepreneurs.

The new network, POP TV, has been formed with Mr Marjan Jurenec, founder of MMTV, a Ljubljana-based broadcaster, and Mr Marjan Meglic, founder of Tele 59, which broadcasts in the northern part of Slovenia.

CME is controlled by Mr Ronald Lauder, one of the heirs to the Estee Lauder cosmetics fortune.

In Slovenia it has taken a 58 per cent stake in POP TV. It has also acquired 33 per cent of both MMTV and Tele 59, which hold local broadcasting licences in Slovenia, and which in turn each hold 21 per cent stakes in POP TV.

The new company will distribute programming and production services to television outlets throughout Slovenia, and will sell advertising.

CME said POP TV would initially be transmitted to 70 per cent of all households in Slovenia. This figure would rise after talks with other local broadcasters and cable operators.

Slovenia, the most developed of the six former Yugoslav republics, largely escaped the effects of the war in former Yugoslavia, when it won independence in 1991. It has the highest gross domestic product per head of any of the former east bloc countries.

CME estimates that television advertising in Slovenia grew by 28 per cent in 1994 to $23m. Around 94 per cent of households have television, and cable penetration is around 40 per cent.

Kevin Done, London

Australia to buy new Hercules

Australia is to buy 12 of the new C-130J Hercules transport aircraft from Lockheed, the US defence company, and take options for up to two dozen more in a contract worth around A$900m over five years, said Senator Robert Ray, the defence minister.

Senator Ray said the aircraft type had been "the backbone of defence's tactical and transport fleet for 30 years since the mid-1960s, and the new purchase will continue this arrangement".

The Royal Australian Air Force currently operates 24 C-130s, half of which were acquired in the late 1970s, and the remainder even earlier.

Nikki Tait, Sydney

VW agrees magnesium deal

Volkswagen, the German vehicles group, and the Dead Sea Works, an Israeli chemical company, finalised a $600m joint venture yesterday to extract magnesium from the Dead Sea. The deal was signed only after the Israeli government agreed to maintain a 38 per cent investment grant. The government had voted earlier this week to reduce grants to foreign investment in development zones to 34 per cent.

The Dead Sea Works will own 65 per cent and Volkswagen 35 per cent of the venture, which was announced in June. The first stage of the two-stage plant is planned to come onstream in 1997. The Dead Sea Works will supply the raw materials and Volkswagen will buy the magnesium under the accord's stipulations.

Mark Dennis, Jerusalem

Can you light up the sky without clouding the air?

Natural gas – affordable, safe and available – is an increasingly popular choice for driving turbines that generate electrical power all over the world. Although it burns relatively cleanly, combustion does produce nitrogen oxide, implicated in acid rain. Abatement techniques have reduced emissions, but heightened awareness among the industrial nations continues to generate tighter legislative cootrols and the development of ecologically-sound power plants.

Conventional methods of controlling emissions are costly and dampen efficiency. However, ABB research has now developed a way to burn them off. It is a total solution, reducing pollutants while maintaining efficiency, thus consuming less fossil fuel. ABB has installed its innovative "EV-burner" in the Midland Cogeneration Venture, a joint project to produce power for the Dow Chemical Company and the State of Michigan, USA. At full power load, this plant is now producing emission levels well below the world's most stringent requirements.

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Growth of 3.25% in Australia predicted

By Nikki Tait in Sydney

Mr Ralph Willis, Australia's federal treasurer, painted a picture of a soft, but still growing, economy for the 1995-96 financial year when he released the treasury's updated budget forecasts yesterday.

Gross domestic product growth is forecast to be 3.25 per cent during the 12 months, against an estimated 3.75 per cent in the original forecasts in May. Headline inflation is predicted to emerge at 4.75 per cent, a significant upward revision from the previous 4 per cent figure.

On the labour front, unemployment is now reckoned to be about 8.25 per cent by the June year-end, against 8 per cent previously.

The current account deficit has undergons s sharp downward revision: the forecast now stands at A$21bn (US$15.5bn) – A$27bn last May – reflecting the recent pickup in export performance and the decline in imports. The new figure would amount to about 4.5 per cent of GDP, from 5.5 per cent.

The slowdown in growth stems partly from a more modest rise in private consumption expenditure – 3.25 per cent against an estimated 3.75 per cent previously – and partly from a marked fall-off in business investment, reckoned to grow 8 per cent (13 per cent).

Mr Willis said the government still expected a nominal budget surplus during the year, but the figure is now put at A$115m, compared with A$718m when the 1995-96 budget numhsrs were first unveiled in May.

The original surplus was always somewhat problematic, as it was struck after sales of an estimated A$5.35bn of assets. Many economists suspected it would be replaced by a negative number in yesterday's mid-term review.

But the government has been helped by an early A$1.9bn debt repayment from the Victorian state government. Mr Willis indicated the new figures made the same assumptions as the May budget about the sale of the government's remaining 50.4 per cent stake in Commonwealth Bank (worth about A$4bn).

Under the plan, part of the bank will be sold in 1995-96 but Mr Willis said no final decisions about the sale would be made until next year.

The new forecasts were generally in line with economists' predictions, but the relatively high inflation figure caused some raised eyebrows.

Mr Peter Costello, the opposition's economic spokesman, claimed the government's budgetary position had deteriorated by A$2.5bn since May.

"The reality is the mid-year review shows growth has turned down, business investment has turned down, prices are going up and unemployment is set to be worse than the government said it would be in the budget."

Philippines law and order under fire

An outbreak of kidnappings is posing problems for crime fighters, **Edward Luce** writes

A spate of recent kidnappings and daylight shootings of prominent businessmen has raised a question over the Philippine government's ability to maintain law and order.

The rash of violent incidents, including the assassination in Manila last week of Mr Leonardo Ty, an octogenarian Chinese-Filipino businessman, comes three years after President Fidel Ramos gave priority to the fight against organised crime.

Since the president was elected to office in 1992, more than 600 kidnappings have occurred in Manila, 140 of them in the past few months.

According to Ms Teresita Ang See, who heads a Chinese-Filipino anti-kidnapping group and has been herself the target of sevsral kidnapping attempts, the past few weeks have seen a worrying resurgence of the phenomenon. Chinese-Filipinos are the country's richest ethnic group.

"To put it frankly, we are very frightened by what has been happening," said Ms See. "Chinese husinessmen are once again being gunned down in the street, relatives of leading Chinese-Filipino businessmen are being held to ransom, and the government doesn't appear to be doing anything about it." American and European expatriate businessmen have also received kidnapping threats for the first time in years.

The most immediate worry is that the Chinese-Filipino community, which makes up about 2 per cent of the country's population of 68m but owns about 60 per cent of the stock market hy capitalisation, could start expatriating money if the situation deteriorates.

The last time kidnapping rates hit these levels was in 1992. The central hank recordsd serious "capital flight" problems that year.

Last week Mr Ramoa announced a "war on terrorism" in what many see as a belated response to the recent crime wave. The president, who blamed this week'a shootings on "leftist" groups, including the well-known Alex Boncayao Brigade (ABB), said he would not allow the "terrorists" to undermine confidence in the country's economic recovery.

"Apparently the Ty killing signals s declaration of war by the terrorists and those involved in protection rackets such as the ABB," said Mr Ramos. "We are going to make sure they as a group and as individuals pay for these crimes."

> 'To put it frankly, we are frightened,' says the head of an anti-kidnap group

The ABB took responsibility for the murder of Mr Ty, who was accused of maltreating workers at factories belonging to the family-owned Manila Paper Mills group. The ABB also took responsibility for the attempted killing last week of Mr Ramon Chua, owner of Oriental Tin Can Manufacturing, which resulted in the deaths of his five-year-old nephew and a bodyguard.

Philippine business groups claim the prohlem goes far beyond splinter leftwing terrorism, citing evidence that rogue policemen and senior military figures are protecting kidnapping groups. This year alone, 100m pesos ($4m) have been paid out to kidnappers by Chinese families. "They are even accepting cheques these days," said Ms See. "These groups are highly organised."

The Makati Business Club, the country's most influential private-sector group, told Mr Ramos recently that the perception that crime was getting out of control could affect business confidence and foreign portfolio investment.

The warning was backed by a survey of the country's top companies in which more than 90 per cent of executives polled said that crime and corruption constituted the most worrying problem facing the private sector. "It would be an enormous pity if the remarkable economic successes of the past few years were to be undone by a belief that crime is getting out of hand in the Philippines," Mr Bill Luz, Makati club chairman, said.

Another concern is that the resurgence of lawlessness could deter otherwise bullish foreign investors choosing the Philippines as a site for plant operations.

Japanese companies, who have doubled their investment there this year, are known to be particularly cautious about security problems.

International economists point out that the Ramos administration has fulfilled two of the three critical objectives it set out to deal with in 1992.

These included solviug an electricity shortage, which the government did, and political instability, which has likewise receded in memory. The third, lawlessness, seems to be as mnch of a problem now as before the economic turnround began in 1992.

INTERNATIONAL NEWS DIGEST

Manila MPs approve budget

Members of the Philippines' House of Representatives yesterday approved a 394.8bn peso ($15.1bn) budget for 1996, lower than the 414.5bn peso budget plan submitted by the government in July. "We are putting a lot of focus on the social reform agenda to make certain the benefits will trickle down to the masses," said Mr José de Venecia, House Speaker.

More funds were given to the agriculture department to help cope with severe supply problems which sent prices of rice, the staple food of the Philippines' 68m people, soaring in the third quarter of 1995. Rice prices surged to 26 pesos a kilo in August and September, from 13 pesos earlier in the year.

Some 59bn pesos in the budget would go to help repay the country's debts. The budget is expected to be signed by President Fidel Ramos on December 29. *Reuter, Manila*

Cambodian prince into exile

Prince Norodom Sirivudh, half-brother of Cambodia's King Norodom Sihanouk, left his homeland yesterday after agreeing to go into exile rather than face trial on charges of plotting an assassination. Prince Sirivudh, 44, who denies plotting to kill Mr Hun Sen, co-prime minister, agreed to go into exile in France and was driven to an aircraft at Phnom Penh airport from King Sihanouk's palace.

He had been detained at the Interior Ministry for nearly a month before being handed over to the custody of King Sihanouk. He arrived yesterday in Singapore on a stopover, and travel agents in Phnom Penh said he was due to fly to Paris tomorrow.

On November 21, parliament voted 105-0 to strip him of his immunity from prosecution; he was unable to attend because of threats to his life if he left his house. *Reuter, Singapore*

US gives up Okinawa land

The US and Japan yesterday agreed on a small reduction in the amount of land occupied by US forces on the southern Japanese island of Okinawa. The accord, by a bilateral committee of officials, for a 2 per cent reduction in the area used by US bases, over an undetermined period, was pushed forward after the local outcry against the US presence sparked by last September's alleged rape of an Okinawan schoolgirl. Three US servicemen are on trial.

Yesterday's agreement brings to an end a five-year negotiation, which had run into delays over detail until last month, when senior defence officials of both sides called for a quick conclusion in the interests of assuaging Japanese public opinion.

Of the 47,000 US troops stationed in Japan, 30,000 are in Okinawa, the largest US base in Asia.

Yesterday's deal includes a communications station, an engineering office, part of an air base, a golf course and an ammunition depot. The timing of the return of the land to local owners will be arranged after further talks on the removal of equipment and the future use of the areas concerned, said officials. *William Dawkins, Tokyo*

Beijing cracks down on smoking

Beijing's municipal law-making body passed an ordinance yesterday banning smoking in enclosed public places from mid-1996, but half the city's adult men are smokers and there are doubts over how the new rules would be followed. The standing committee of the Beijing People's Congress banned smoking in hospitals, theatres, schools and public transport facilities from May 15 1996, Xinhua news agency said.

Individuals violating the ban could be fined 10 yuan ($1.20). China's booming financial centre, Shanghai, north-eastern Shenyang, central Wuhan and south-western Chongqing have banned smoking in public places. Over the past two years, Beijing has outlawed firecrackers and limited private dog ownership in an attempt to improve safety and public hygiene.

China is the world's largest tobacco producing and consuming country. More than 350m smokers puff 150bn cigarettes every year, accounting for 30 per cent of the world's total.

The number of Chinese smoking is estimated to be rising by 2 per cent a year. *Reuter, Beijing*

Two S Korean ex-presidents charged over coup

Riot police march round the police hospital where Chun Doo-hwan is on a hunger strike, to stop protesters getting in AP

By John Burton in Seoul

Former South Korean Presidents Chun Doo-bwan and Roh Tae-woo were yesterday indicted on charges relating to a 1979 army coup, as the country's civilian administration sought to break ties with past military governments.

The indictment came hours after Mr Chun was rushed to a hospital after 18 days on hunger striks to protest at his arrest.

Mr Chun was indicted on six counts of violating military law, including planning the army coup, the death of several soldiers who tried to resist the coup, and attempting to kill superior officers.

Mr Roh, who went on trial this week on charges of corruption, was charged with aiding the coup. Both men face a possible death sentence for their activities, although it is unlikely to be imposed.

On the night of December 12 1979, Mr Chun, then s general in charge of the army security command, ordered the arrest of senior officers who, he claimed, had been involved in the assassination of Presidsnt Park Chung-hee two months earlier.

During the operation, several army units, including a division commanded by Mr Rob, attacked the defence ministry and army HQ. Several soldiers were killed and others wounded.

The two former presidents are also likely to be indicted concerning the subsequent military massacre of pro-democracy protesters in the south-western city of Kwangju in May 1980. Parliament this week passed special legislation suspending the 15-year statute of limitations preventing the two men being prosecuted.

Lawyers for Mr Chun are expected to challenge the special law if he is convicted. Mr Chun may also face corruption charges for allegedly accepting bribes from businesses during his 1980-88 term.

Mr Chun has always maintained his actions in 1979 were justifiable to save the country from threatened political chaos.

Mr Chun has accused President Kim Young-sam of political expediency in ordering his arrest because, he claims, the actiou would boost Mr Kim's flagging popularity, damaged by the scandal involving Mr Roh. Opposition parties allege Mr Kim accepted illegal political contributions from Mr Roh.

Mr Chun has fasted since his imprisonment and initially refused intravenous feeding after being brought to the national police hospital in Seoul. His relatives claim Mr Chun is pledged to starving himself to death rather than facing a public trial. The indictment provides the government wltb the right to force-feed him if need he.

Doctors yesterday described tbe condition of the former general as not serious, although he showed signs of dehydration and malnutrition.

Mr Chun is using the same tactics of protest as Mr Kim a decade ago when he staged a 25-day hunger strike after the then-President Chun ordered his arrest as a political dissident.

The hunger strike hy Mr Chun is winning little public sympathy, except among his most loyal supporters. His refusal to apologise for his rise to power is regarded as reflecting the arrogance that made him the least popular, although the most feared, of South Korea's seven presidents.

Thais to limit luxury spending

By Ted Bardacke in Bangkok

Thai monetary authorities plan to curb short-term capital inflows and limit consumer spending on luxury items, in a continuing effort to stop the economy overheating, Mr Vijit Supinit, central bank governor, said yesterday.

The measures, to be introduced over the next month, are to include doubling the monthly income required to qualify for a credit card, new restrictions on hire-purchase schemes for dearer cars, and extending to finance companies ths 7 per cent reserve requirement on non-resident baht accounts, introduced for commercial banks earlier this year.

Other measures seeking to damp short-term capital inflows will be announced in the coming weeks.

The moves would cause inflation to fall to 4.9 per cent in 1996, against 5.8 per cent in 1995; the current account will be reduced to 6.5 per cent of gross domestic product from 7.1 per cent in 1995. Economic growth would slow to 8.3 per cent in 1996, down from 8.6 in 1995 and 8.8 in 1994.

The official sstimates announced yesterday for 1996 inflation and the current account deficit are more optimistic than those issued recently by several private institutions. Mr Vijit said the central bank figures are also official targets and take into account policy measures regulators plan to introduce.

"Financial liberalisation does not mean authorities become inactive," Mr Vijit said. "Inflation and the current account deficit necessitate s continuation of our high interest rate policy; in 1996 we will see less focus on interest rates and more on capital inflows."

The bank also plans to change the classification of offshore lending, now the preferred means of foreign direct investment, from short-term to long-term. Once this change is made, the bank claims 61.5 per cent of all capital inflows will be "high-quality".

Crosby Securities estimates long-term capital makes up over 65 per cent of all capital inflows to Thailand.

Other 1996 estimates released by the bank yesterday show an economy holstered by the induced slowdown. The bank said export growth, pegged at 17.4 per cent, will overtake import growth, forecast to be 15.1 per cent, thus reversing this year's trend where high investment and strong consumer demand led imports to rise faster than exports.

Deposit growth at 15.5 per cent will get closer to matching loan growth at 21 per cent. The government will also run a surplus of nearly Bt102bn ($4bn), 2.5 per cent of GDP.

Japan storm over reactor cover-up

By Emiko Terazono in Tokyo

Japan's state-owned nuclear reactor operator faced heightened criticism yesterday over an apparent attempt to cover up the damage caused by a leak at Monju, the country's largest reactor.

The Power Reactor and Nnclear Fuel Development Corporation (PNC) apologised for withholding video footage of ths damage caused by a leakage of sodium coolant earlier this month at Monju, shut after the accident.

The fast breeder reactor burns highly radioactive plutonium to create more plutonium, and is the centrepiece of Japan's nnclear policy along with Rokkasho, a nuclear complex in north Japan.

"We deliberately cut the video because the sodium leak was greater than imagined," said Mr Hiroshi Oishi, head of PNC. The company had initially claimed it had only four minutes' footage of the damage within the reactor, which was disclosed to the local government and the media.

But, after being questioned by local officials, the operator admitted it had withheld 15 minntes of video coverage which showed heavy damage of the reactor's cooling pipes.

The government expressed anger over the disclosure. "It's a deplorable situation," said Mr Shinichiro Ogura, head of reactor regulation at the Science and Technology Agency (STA). The company has already angered local residents and the government by failing to report the accident immediately it happened.

Monju, named after the goddess of wisdom, was scheduled to start full operations next June, but the government has said the reactor will not be restarted until confidence amoug local residents is restored. Local government officials and residents are calling for permanent closure.

If further controversy arises over the Monju accident, the government is unlikely to be able to justify its expensive plutonium programme when prices of nuclear fuels and crude oil are easing.

The government has been criticised for the high programme costs, while plutonium shipments to Japan from the UK and France, which reprocesses Japan's nuclear waste, have also sparked an international outcry.

Germany and the UK have already abandoned their fast-breeder reactor programmes because of technical problems; France's fast-breeder reactor, the Super-Phénix, has been inoperative since a similar sodium leakage in 1990.

The STA faced a cut in its bndget for operating Monjn for the next fiscal year after the accident. The agency bad been requesting a budget of Y21.6bn ($211.7m), but was only allotted Y19.2bn to cover maintenance and repair costs.

Attempt to block housing loan outcry

By Gerard Baker in Tokyo

Japan's government moved yesterday to head off s storm of popular protest against the announcement of its plan to use public funds in the bailout of the country'a bankrupt housing loan companies.

Ministers and officials said full investigations would be conducted into the causes of the financial debacle that gave rise to the bailout. Those responsible could expect to be "pursued vigorously".

The comments came as business leaders and politicians began to attack the scheme, agreed on Tuesday, which will give at least Y685bn ($6.7bn) of public money towards liquidating the companies, set np by Japan's leading banks 20 years ago. The mortgage lenders have been bankrupted by huge non-performing loans caused by reckless lending during the "bubble economy".

Mr Masayoshi Takemura, finance minister, appeared to suggest he might take ultimate responsibility himself for the unpopular move. "I will blame myself strictly," he told a conference of business leaders.

The price of such blame in Japanese political and business life is usually resignation, but Mr Takemura did not say he would step down.

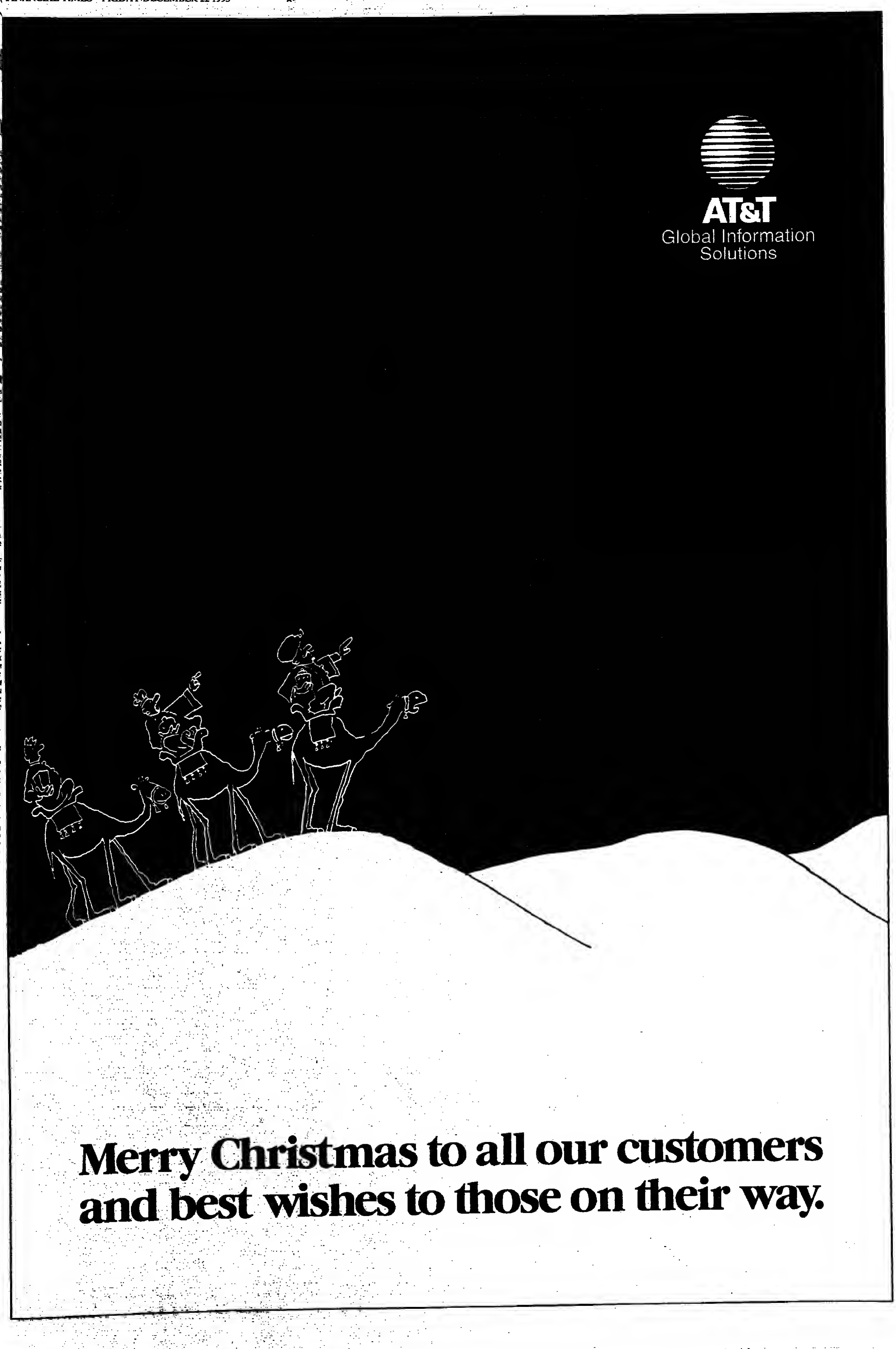
Premier Tomiichi Murayama said all those that might have been responsibls for the housing loan scandal would be scrutinised. The companies themselves, ths financial institutions that lent to them and the customers that borrowed from them would receive special attention.

Earlier, members of the largest coalition party, the Liberal Democrats, called for punishment for any finance ministry officials and ministers who might have failed to supervise the institutions properly.

The government will have a difficult task persuading the public of the merits of using their money to support troubled financial institutions. A taste of the popular opposition came yesterday from Mr Kosaku Inaba, chairman of the Japan Chamber of Commerce.

He described the decision as an "unprecedented mistake".

"The government must disclose all detailed information to clarify how the deplorable problem arose, who was responsible and what should be done to prevent its recurrence," he declared.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The best teachers are often the ones who learnt the hard way. Ten years ago executives at Bostrom, a UK vehicle seats maker, pored nver videos imported from the US tn become one of Britain's most noted exponents of "just in time" manufacturing techniques - making parts nnly when needed.

Now Bostrom is putting the flow nf ideas into reverse through a 44 per cent strategic stake in National Seating, a Tennessee-based vehicle seats company intn which it is transferring its "lean" productinn concepts. Bostrom also intends to use the company as a production base for increasing sales in the US of its nwn products – a large proportion of which are complementary to those of National.

While roughly half of Bostrom's £85m sales likely this financial year will be seats for heavy work vehicles such as tractnrs and excavators, National is one of the US's two biggest makers of seats for large "road train" trucks.

Even though neither company has much of a presence in each other's home territory, put together their operations seem large. The two are thought to account for roughly a quarter of the $450m (£300m) a year combined European and North American market for seats for large work vehicles.

Competitors include Grammer and Isringhausen of Germany, and Sears Manufacturing and Johnstown America Industries (owner of an unrelated US company called Bostrom), both of the US.

Bostrom's adoption, and transfer across the Atlantic, of "just in time" production ideas illustrates how manufacturing techniques can become a strategic commercial tool. Colin Howell, Bostrom managing director, is the man behind the link with National – in which the publicly quoted Bostrom has an option on taking a majority stake in the next year or so.

A former apprentice engineer who has been with Bostrom since 1981 and previously worked in management with GEC, Tube Investments and SKF, Howell is the biggest shareholder in Bostrom, owning 11.6 per cent. He sums up his view of business: "If I can't be the best in what I'm doing, I won't do it. I don't want to be a bloody also-ran."

Transferring production ideas to the US from Northampton-based Bostrom – whose main seat-making subsidiary is KAB Seating – is the job of Vernon Lowe, a business associate of Howell whose previous employers have included UK engineering companies Adwest, Williams Holdings and Austin Rover.

Lowe has become National's acting chief executive, taking over shortly after Bostrom bought its stake in August for £5m. It alsn took on an undisclosed amount of debt believed to be more than $10m.

Lean times

A UK vehicle seats maker is exporting its production techniques to the US, says Peter Marsh

Previously National – which has its main plant in Knoxville and four other "satellite" factories in Kentucky, Washington State, Virginia and Oklahoma (which feed finished seats to truck factories run by Ford, Volvo and Kenworth) – had a chequered history.

After a spell under the control of a series of large US industrial companies, National was bought by its management in 1989, leaving the company with heavy debts. The company has expanded quickly since 1991. Its annual sales have grown from $22m to $65m last year, hnt, says its president Don Kegley, has lacked the production methodologies to expand effectively.

Kegley, who has been with National since 1983 and owns about 3 per cent of the company, says in recent years it has been pre-occupied with meeting demand.

"We've fed our factories with orders, rather than work on nur nperating methods." He says Bostrom's production ideas helped persnade National's managers and employees – who own the 56 per cent of the business in which Bostrom does not have a stake, some of this through a trust – to agree to Bostrom taking a stake.

Lowe is enthusiastic about the way most managers and workers at National have responded to his arrival. "It is a super business but it has had too many chiefs and not enough Indians," he says. As part of Lowe's cost cutting drive, about 100 of the 720 employees at National lost their jobs in the summer.

The acting chief executive is working on a way of introducing Bostrom-derived concepts into the five National Seating plants, including standardisation of parts and working methods, a company-wide computer system for tracking stock and a Japanese-style Kanban system for controlling production flows. He is talking tn National Seating's 50 or so suppliers to persuade them to switch to more frequent deliveries (two or three times a week rather than weekly) to fit in with just in time concepts.

Lowe plans to spend a modest amount – about $4m – on capital equipment in the next three years to support his plans. He is also switching plant layouts to emphasise "team-based" production concepts in which small groups of workers have responsibility for making complete products.

Lowe is in many ways repeating the prncesses which Bnstrnm installed in its Northampton plant in the late 1980s. One big difference is the potential problems ahead for National as it tries to introduce just in time methodologies across the vast distances in the US separating its five plants and those of its customers and suppliers.

In the mid 1980s, Bostrom learnt about these methods by studying how specific US companies including Bendix, a machine tool maker, had taken on "lean" production methods. "We spent hours watching videos showing their methods," says Doo Lorraine, KAB Seating's managing director.

After a slump in earnings during the recession, in the two years to last year Bostrom quadrupled pre-tax profits to £4.1m on sales rising from £34.3m to £65m. Some of the efficiencies in the company's production of "work vehicle" seats – it also makes metal pressings and car seats – show up in its good record in exporting to south-east Asia, where customers include Caterpillar, Knmatsu and Samsung.

But a priority for the next few years will be the link with National. While Howell cautions about expecting quick results, Lowe has set himself a challenging target on National's production techniques: "in five years I want to bring [to the Knoxville plant] a Japanese manufacturing expert on one arm and a German on the other and watch while their eyes pop out."

In search of the core of the company

Tom Lloyd argues that the essence of an organisation lies in the abstract qualities of culture and ethos

Cnmpanies are collections of assets and activities, many of which have been accumulated through a series of historical accidents, with little rhyme or reason apart from the old-fashioned belief that things are done better "in house". That this Augean legacy is in need of a thorough, Herculean cleansing, is now generally accepted.

This pruning of company legacies is designed to reduce firms to their essences nr "cores". But what is the core of a firm? What assets, activities, processes, people, nr relationships are absolntely vital?

Is there a marginal asset, process or activity, the presence of which means a firm exists and the absence of which means it does not, and if so, how can these "essences" be identified?

Withont answers to these qnestions, company leaders cannot judge what and what not to ontsource, whether to seek access to "competences" or markets through partnerships and alliances or to develop them "in-house" and what assets to buy and what to sell.

"Core" clearly has nothing to do with origins, or longevity.

Originally US telephone giant AT&T made the device invented by its founder, bnt last September AT&T annnunced it would sell this business, and its younger computer and financial services operations, to concentrate on network services.

Perhaps "cores" consist of irredncible portfolios of assets.

Over the past five years, BP Exploration has outsourced off-shore logistics (supply boats, and marine services) to ASCO, computer services to SAIC, Syncordia and Sema, and accounting services to Arthur Andersen. Each of these deals has involved a substantial transfer of employment to sub-contractors, and many more mundane activities, such as office and reprographic facilities, catering and cleaning, have also been "put out", as the then standard practice of ontsourcing was known during the industrial revnlntion.

"It was inspired by a drive to improve performance" a company spokesman explained. "If nthers are better placed and better set up than us to manage a process, we ask them to do it. We would never say a certain activity will never be outsourced."

The process pruning at BP Exploration has been accompanied by a radical re-structuring of the company. The old hierarchy of functions and tiers has been replaced by a "federation" of 42 "assets" including producing fields, exploration projects and transportation systems, each with an "asset team" accountable directly to the board.

"The core is what we're good at" the spokesman explains. "BP is out of coal, minerals and nntrition. In 1989, we operated in 30 countries. Now we only operate in 10."

But why 42 assets, and why these 42?

Perhaps "cores" consist of competences, as C. K. Prahalad and Gary Hamel argue in *Competing for the Future*.

According to this view, companies are portfolios of processes and although many can and should be outsourced, some are so important, they must seen as comprising the kernel.

A few years ago, bank chief executives were saying "money is information. We are an information company. Everything else is extraneous or incidental." Now they are outsourcing IT services. Swiss Bank Corporation is outsourcing computer systems management at its SBC Warburg investment bank to Perot Systems, in a £133m deal involving the transfer nf a third nf Warburg's employees. SBC says that, to ensure client confidentiality, it will keep control over security-related IT functions, and that the key to the alliance is to distinguish between IT processes which are "proprietary" and IT processes which are "commodities".

But what if another company could do the "proprietary" stuff better than you, and offered to do it fnr you? Ynn would be dning your shareholders a disservice if ynn rejected such an opportunity to lower your cost of doing business. Indeed, the more vital a process is to the business, the more vital it is that it should be "best in class".

When a company leader embarks on a "re-focusing" programme, he or she usually has a good idea of what the "core" of the firm is. "We have to recognise that we're a marketing company" the leader declares. "Our strength is in our brands, and our efforts must be devoted to building on that strength." Armed with this "core" insight, the leader will sub-contract design, product development, manufacturing, finance and distribntion, in the belief that retaining such "non-core" activities will distract the organisation from its primary goal.

But how did the leader know marketing was the core? A different leader might have declared, equally plausibly, that "we are, first and foremost, a distribution company; nur strength is in our network of distributors, and we must build on that strength".

Some years ago, UK brewers had to decide between manufacturing and retailing. Some went one way, and some the other, and no-one can say which way was "right".

If the same company can be plausibly rednced by two different leaders to two different "cores", we must conclude "core" is in the eye of the beholder. When leaders say the company's "core" is marketing, or distribntion, they are not revealing objective truths, they are simply choosing pegs on which to hang their strategies.

The danger of the "core" concept is that to declare an asset or process "core", and dispense with the rest, is to deny the firm opportunities to develop in other directions. And in an unpredictable world, where flexibility is at a premium, there is a lot to be said for a range of strategic options.

If companies have "cores", they reside in abstract qualities like culture, ethos and customer constituencies, where it is often hard to distinguish the baby from the bath water.

BUSINESSES FOR SALE

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FT

ÁPV RT.

HUNGARIAN PRIVATIZATION AND STATE HOLDING COMPANY

INVITATION TO BID

1. The Hungarian Privatization and State Holding Company (hereinafter Caller or ÁPV Rt.) (H-1133 Budapest, Újpesti rakpart 31-33.) invites a one round open tender for a nominal capital increase of at least USD 15 million of OAM Ózdi Acélművek Kft. – Steel Works of Ózd – (hereinafter: Company), H-3600 Ózd, Bajcsy Zsilinszky út 5, (Trade Register no: 05-09-002456) and for the purchase of a stock necessary to gain management control (50 percent plus one vote) in the Company with the increased share capital.

Nominal capital of the Company:	HUF 2,727,540,000
Equity of the Company:	HUF 3,828,000,000
Ownership structure:	ÁPV Rt. 100%

2. The tender invitation is aimed at a capital infusion and business share sale so that the necessary developments, technological upgradings required for the effective operation of OAM Kft., in full ÁPV Rt. ownership, and the necessary investments for the setting up of a new steel production basis (mini mill) be realized. To this end, bids can be submitted :

a) for the increase by a minimum of USD 15 million of the actual nominal capital of the Company and for the buy-out of ÁPV Rt.'s business share, so that the tenderer become owner of the Company with a share of 50 percent plus one vote of the increased nominal capital, which is the minimum requirement for exercising management control,

b) for the increase of the nominal capital of the Company to an extent exceeding the minimum increase, whereby the tenderer acquires a minimum of 50 percent plus one vote,

c) for the increase by a minimum of USD 15 million of the nominal capital of the Company and for the purchase of a maximum of 85 percent of ÁPV Rt.'s business share with par value of HUF 2,318,409,000

by indicating the extent of the capital increase and the bidding price quoted for the par value of ÁPV Rt.'s business share to be acquired.

d) Pursuant to the relevant law 15 percent of the subscribed capital with par value of HUF 409,131,000, that is four-hundred-and-nine-million-one-hundred-and-thirtyone-thousand Hungarian forints, ÁPV Rt. shall offer for sale to the Company employees at 50 percent of the price rate quoted by the winning tender, following the closing of the tender. Employees may exercise their option within one year from the announcement of the offer.

3. Bids shall be submitted to the address indicated, in an unmarked envelope, in five copies, in Hungarian. Foreign bidders may submit their bids in English, as well, but even in this case the Hungarian version shall rule.

Bids shall be submitted personally or by a proxy in the presence of a notary public until the stipulated deadline. „PALYAZAT OZDI ACÉLMŰVEK Kft. privatizácio" must be written on the envelope.

4. Bidders shall mark the original copy of their bid with the inscription „EREDETI". If the bidder fails to do this, the Caller will chose one from the copies arrived, which will function as the original. Should there be any discrepancies in the copies the contents of the copy so marked shall rule.

5. Date of submission:
February 15, 1996, between 13.00 and 14.00 hours
Place of submission: Offices of the ÁPV Rt.
(H-1133 Budapest, Újpesti rakpart 31-33., 8th floor, room 808)

6. Financial conditions of the bid, terms of payment:
The capital increase and the price of the business share to be acquired can exclusively be paid in cash. The bidder shall pay the capital increase and the purchase price of the business share in full in cash or by transfer in 15 days from the date the sales contract takes effect. The bidder shall make a declaration to this effect.
Foreign bidders may only bid in a convertible currency accepted by the National Bank of Hungary (MNB). Such a bid shall be taken into account by the Caller at the purchase rate officially published by the National Bank of Hungary (MNB) at the time of the deadline for submitting the bids.
Further conditions and requirements of the capital increase and the purchase of the business share are included in the detailed tender conditions.

7. Bidders shall undertake to maintain their bid for 120 (one hundred and twenty) days from the deadline for the submission of bids.

8. To prove their intention to purchase, bidders shall deposit HUF 30,000,000 as retention money in HUF or in foreign currency at the buying rate published on the day of the deposit by the National Bank of Hungary (MNB) to the account opened by ÁPV Rt. with the Hungarian Foreign Trade Bank Ltd. (MKB Rt.).
The Caller shall dispose of this sum in line with the rules on retention money.

9. After the evaluation, the final decision shall be made by the Caller. The Caller reserves the right to declare the tender unsuccesful.

10. The detailed tender documents and the detailed information memorandum prepared by the Company including the major economic data constitute an integral part of this tender invitation. The submission of the bids is subject to the purchase of the information booklet, entitled „Ózdi Acélmű Kft, Privatizációs tenderének Információs Dokumentuma" (Information Memorandum of the Privatization Tender of Ózdi Acélmű Kft.) for HUF 40,000 for For Hungarian residents and for USD 300 for non-Hungarian residents, against the presentation of a declaration of secrecy.

11. From the date of the publication of the tender invitation, information on the main data and features of the Company can be obtained from:
Mrs. Margit Jaksa Somogyi, ÁPV Rt. H-1133 Budapest, Újpesti rakpart 31-33, phone: (36-1) 267-6649.

LEGAL NOTICES

INSOLVENCY ACT 1986
and
NAPIER NOMINEES LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a meeting of the creditors of the above named company will be held at Kings House, 36-37 King Street, London EC2V 8BB on the 2nd January 1996 at 11.35am for the purpose, if thought fit, of nominating a Liquidator and of appointing a Liquidation Committee. Any proxy to be used at the meeting must be lodged at Kings House, 36-37 King Street, London EC2V 8BB not later than 12 noon on the business day prior to the meeting. A statement of claim must also be lodged.

NOTICE IS ALSO given that for the purpose of voting, secured creditors must (unless they surrender their security) lodge a statement giving particulars of their security, the date when it was given, and the value at which they estimate it.

A list of the names and addresses of the creditors of the above named company may be inspected at the office of Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU between the hours of 10.00am and 4.00pm on the two business days preceding the meeting.

Dated: 19 December 1995

For and on behalf
BCMB on behalf of
BCMB Corporate Director Limited
as a Director of Napier Nominees Limited

W S Manz
Corporate Director

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No. 006193 of 1995

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
LONDON SMALLER COMPANIES INVESTMENT TRUST PLC
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 6th December 1995 sanctioning a Scheme of Arrangement and confirming the reduction of the capital of the above-named Company from £12,000,000 to £592,496 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above Act were registered by the Registrar of Companies on 11th December 1995.

Dated this 22nd day of December 1995

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BANDT plc

By Interlocutor dated 8th December 1995 the Court Session confirmed the cancellation of capital and share premium account resolved on by Special Resolution of Bandt plc passed on 26th June 1995. A certified copy of the Court's said Order, together with relative Undertaking and Minute were registered with the Registrar of Companies at Edinburgh on 12th December 1995.

Dundas & Wilson, CS, Edinburgh,
Solicitors for Bandt plc

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF
BALTIC PLC
AND
IN THE MATTER OF
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INSOLVENCY ACT 1986

ARTS

The Cinderella season

This year sees new ballet and theatre versions of the perennial favourite

For dance-lovers faced with a choice between a debilitating *Nutcracker* on the South Bank, or the Royal Opera House's descent into balletic infantilism, let me suggest a somewhat cheerier alternative during the holiday period. London City Ballet staged its *Cinderella* in the autumn, and I reported on it from Woking at the time. The version is by Matthew Hart, still only 28 years old, and it is probably as agreeable a way of watching dancing in this bleak mid-winter as any you will find.

Hart is a soloist with the Royal Ballet, and his choreography and production must be recognised as a real achievement, and one made under the difficult circumstances of avoiding Ashton's master-version (in which Hart has danced). Of course, the Prokofiev score – surely his finest for ballet – dictates action which Hart, like Ashton, has had to follow. In trying not to be a page to Ashton's Wenceslas footprints, Hart has been generally astute, and his immaturity as a producer does not cloud his cleverness with steps. ('Twas ever thus: young choreographers make masses of steps but don't know how to use them. Old masters do vastly more with vastly less).

Hart, at his best – and this is in the ball-room scene – has set action clearly and featly within dance sequences. Cinderella's arrival at the ball, her first sight of the Prince, their separation and eventual meeting, are well placed in the fabric of the general dances. Characterisation – and this is surprising with a choreographer whose own danced portraits are lively and subtle – is less convincing. Cinderella tends towards anaemia of the emotions. Amanda Armstrong, whom I saw on Wednesday as the waif, is a charming dancer but she cannot surmount certain blanknesses in the role, and her family (not the ideal *Christmas guests*) are unadventurously malign. Nor was Wednesday's prince, Francois Villicich, able to make any bricks, choreographic or dramatic, with the straw on offer. I wish that Hart has copied Ashton in one respect: an edited score, with some repeats and a few numbers excised, would be more conducive to liveliness in step and feeling.

But the production makes sense, and has a winning way with it. LCB's boldness in using Matthew Hart has been repaid both in staging and in the roles it offers ever-willing dancers. Hart has not betrayed a wonderful score, nor has he fudged a massive challenge. Wa have much to hope for from him.

Clement Crisp

The whole of Battersea Arts centre's *Cinderella & The Coat of Skins* company were still hammering away at their set the night after the show was supposed to open. Then they apologised for the performance being only an "open dress rehearsal". It went up 40 minutes late (or 24 hours and 40 minutes, to be precise). And on the programme, the sound operator is credited "TBA".

This sense of occasion on the fringe can be invigorating as long as aspiration is met by some sense of achievement. The ambitious co-production between the BAC and director James Menzies-Kitchin's inexperienced company, Hysterica Passio, seems to under-achieve. It sounds like a traditional Christmas show, bnt in this *Cinderella* there are no pumpkins, slippers or Buttons. And, to be honest, you do miss that magic.

We are told that the writer Peter Oswald has rummaged his Brothers Grimm edition and amalgamated the dark stories of the Cinderella character, Ashiepattle. Fleeing from the uncomfortably incestuous demands of her father-king, wearing a coat sewn from the hide of every creature in the kingdom, Cinderella is captured in the forest by the neighbouring evil Queen, Belinda. But Oswald spares no time for the psychological anxieties and sexual awakening yon would expect from a growing princess in a Freudian forest. He whisks her straight off to Belinda's scullery, never to see the light of day until ... the Prince holds a ball. She has one. You know the rest.

There are some witty touches: two ugly sister characters in the scullery protest "only we're not sisters – and I'm not ngly"; there is an amazing cameo from Julian Rivett as a kitchen boy who believes he is a chicken – why? Who cares when it is so successfully silly! But there is also ineptitude, such as making Belinda so raucous that she makes Cruella de Vil seem like your fairy godmother.

Twelve energetic performers work well together as a scratch ensemble. Billie-Claire Wright, in the thankless role of goody-two-shoes Cinders, is outdone for loveliness by an unexpectedly moving Prince: newcomer James Kemp. But the play is *dissatisfying, unforgiveably* unappealing to youngsters and older children will find it too finicky. Is it tosh? In the spirit of the circumstances in this production, we will just have to leave that TBA.

Simon Reade

Cinderella is at Sadler's Wells Theatre, London EC1, until January 6, and at the BAC, London SW11 until January 13 (0171 223 2223).

Pantomime/Antony Thorncroft

Jack and the Beanstalk

Nostalgia for the perfect panto bites hard at the imagination of the middle-aged at this time of year. How wonderful to once again ogle the principal boy; back-chat with the stars on stage; and leap for the sweeties thrown into tha stalls. High were the hopes of the sizeable band of City-looking types in the audience at this most respected of local pantos. They were considerably dampened by the finale.

For the Theatre Royal, Stratford E15 stays cussedly close to its roots. It is a politically-correct theatre in a depressed part of London and obviously thinks that such staples as long-legged cross-dressers and conspicuous consumption of confectionery would be insulting to its customers. There was, however, audience participation and, thankfully, the wise guys were put in their place.

"Tell us a joke" brayed one pinstripe as Jack (Robert McKewley) whiled away time for a scene change. "You're good looking", responded the likeable McKewley. The heckler came back for more, to ha summarily silenced: "If you wanted to be in the show you should have coma to rehearsals".

Unfortunately such excitements were few in this low-key panto. There just was not enough fun, sparkle, glamour, danger. Everything seemed rather perfunctory, with only McKewley prepared to enjoy his work. Even the villains were not allowed to be really nasty; Bill Thomas'e Giant was just mildly peeved because he is the runt of the litter, the tiniest giant in the world. And to go for a wooden cow rather than the actor-packed traditional version almost defied panto belief.

Adam Price lifted things along as Jack'e Mother, Griselda, although, inevitably, he gets no chance to flaunt his knickers; Debbie Norman threatened to add some style as the Munster-like Intravenia; and Anthony Ingle's music, strangely proper and traditional, had the children in the audience beating time with brio.

The children in the audience: now here was the saving grace. They stole the evening. Stratford East must be doing something right to keep them so absorbed. Perhaps you should leave your five-year-olds in their seats and enjoy the show from the long bar. Patrick Prior writes (a drum roll means a joke) and Jeff Teare's direction keeps the cast moving fast for little effect.

Bring back the long-legged cross-dressers: a scene from Stratford East's politically-correct production Alastair Muir

Theatre/Sarah Hemming

Rupert Street Lonely Hearts Club

In the case of Jonathan Harvey, theatre-goers have to be thankful for the disruptive eruptions of teenage hormones. According to tha programma for *Rupert Street Lonely Hearts Club*, it was only a bad bout of acne that prevented the Liverpudlian playwright from trying to become an actor. Since, at 27, he has already chalked up ten plays, what a loss this would have been to the theatre. And perhaps his spotty trauma was beneficial in other ways – it might have helped to develop the ability to express his characters' vulnerability that is his greatest strength.

His last venture into the West End, *Beautiful Thing*, detailed with great sensitivity the growing, awkward love between two gay teenagers; his latest also deals expertly with the nuances of a close relationship – this tima between two brothers – observed in hilarious and heartbreaking detail. Things are different this time in that, as the new play's titla suggests, there is less of the cosy glow that made the earlier play so attractive. *Rupert Street Lonely Hearts Club* is a rather darker exploration of the ties that bind.

A dingy flat in east End London offers sanctuary to a collection of damaged individuals. First there is Shaun, dragging round like a damp flannel because his girlfriend Juliet has gone to Barbados and seems to be exhibiting few signs of homesickness. Then there is Marti, his gay brother, who refuses to fall in love with anyone ("less mess"), even the hunky transvestite Dean, who clearly worships the ground he walks on.

Below them lives George, a hearty, right-on English teacher desperate to get her hands on a man, even if his greatest attraction is the size of his SWP placard; and finally there is Clarine, the mentally unstable occupant of the flat upstairs, whose inability to distinguish between fantasy and reality ironically protects her more than most from Cupid's poisoned arrows.

Harvey has plenty of fun with this battered crew, timing entrances and misunderstandings with near farcical results. But his theme is the impossibility of love in a harsh world, dissected most particularly in the relationship between the two Scouse brothers. As the show unfolds, so does their thorny past, culminating in two climaxes: a dinner party from hell, as the two brothers trade insults over the other guests' heads, and the final scene when Marti reveals that, for all his gay banter, he cannot bring himself to love any man except Shaun.

Though its undertow is bleak, the play crackles with droll wit and arch one-liners. Harvey specialises in turning the tables. "When did you realise you was straight?" asks Dean of Shaun, dangling his Fifi wig nonchalantly over his shoulder. "Don't you call me lad, you straight bastard," protests Marti at one point. "Call ma girl or doll or luv. It takes years to get this camp."

The play is not flawless. Sometimes the humour is a bit pat and there is something most uncomfortable about the laughter at Clarine's insane revalations. The actors are hard pressed, too, to make the turnaround at the end of the play from bleak but comic to tragic: they manage without raising a titter, but Harvey has not made it easy for them.

That aside though, this is a witty and wise piece of writing and John Burgess's production, on Jackie Brooks' accurately shabby set, serves it very well. Performances are excellent, particularly from Scot Williams as tha sullen Shaun, Tom Higgins as the ebullient but vulnerable Marti and Elizabeth Berrington as the cracked Clarine. Praise be for teenage acne.

At the Criterion Theatre, London W1 (0171-369 1747).

Recital/John Allison

Barbara Bonney

Barbara Bonney is a well-established, well-loved artist about whom it seems strange to write in terms of vocal transformation. But it is hard not to have noticed, hard not to have relished, the way in which this American soprano has developed her musical personality over the last few years, and her recent appearance at the Wigmore Hall was undoubtedly one of har most engaging London recitals yet.

She has always displayed secure technique and radiant, silvery tone. Slight anonymity in past recitals, however, suggested that she did not command enough variety of tone for a long Lieder programme. Here she emerged excitingly as a more "complete" artiet, capable of projecting words meaningfully in a voice that has gained body in the middle, a metallic glint lower down and remains seraphic at the top.

The occasion was the latest in the Wigmore Hall's series "The Britten Songs", and in addition to Britten's "Fish in the unruffled lakes" and the cycle "On this Island" the programme reflected his admiration for three composers of the Austro-German tradition, Haydn, Mendelssohn and Wolf. But the Britten songs, all settings of Auden, made the most interesting group.

Each of the five numbers in "On this Island" was strongly characterised: Bonney's soprano may not be big, but she found power for the vocal fanfares of "Let the florid music praise!", articulated clearly tha rushing lines of "Now tha leaves are falling fast", and was stylish in the cabaret accents of "As it is, plenty".

The pianist, Julius Drake, was at his most imaginative in the Britten, and both he and Bonney caught the ethereal essence of the "Nocturne".

Bonney also disclosed an ability to sing through long legato phrases – something many singers seem relnctant to do – in her opening three Haydn songs, settings in English of undistinguished poems by Anne Hunter. Musically, though, these number among Haydn's most distinguished songs, and Bonney was especially memorable in capturing the loneliness of "The wanderer".

She was affecting in her five Mendelssohn songs, fresh in "Der Blumenstrauss" and melancholy in "Wenn sich zwei Herzen scheiden". But Bonney sang nothing better than Wolf's tender "Wir haben beide" and painful "Mein Liebster singt", two of the eight Lieder from the italienisches *Liederbuch* that rounded off this rewarding programme.

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Concert

Beethoven's Missa Solemnis

The Royal Albert Hall's Christmas Festival is nothing if not wide-ranging – from a "Teddy Bears Concert" and "The Glenn Miller Orchestra" to Beethoven's *Missa Solemnis* on Sunday night, in which Roger Norrington conducted the BBC Symphony Orchestra and Chorus.

Beethoven intended this, his most profound choral work, for the enthronement of his friend and pupil, the Archduke Rudolph of Austria, as Archbishop of Olmutz; but he finished it three years after the ceremony, having worked on it at the same time as his Ninth Symphony. The Mass had its first complete performance at a concert in St Petersburg, and the concert hall has been its home ever since.

Yet, for all its moments of drama, the *Missa Solemnis* is no more secular in feeling than the Viennese Masses of Haydn and Mozart. It is deeply contemplative, aspirational and philosophical, with a similar lofty mood in its long sections of polyphony as Beethoven's late string quartets.

The ending of the Agnus Dei, the Mass's conclusion, leaves, superficially, a sense of anticlimax – you do not feel like clapping after it, and the applause on Sunday night was desultory and unwilling. But the impression is only superficial, end on a deeper level, the effect is of consolation and peaceful resolution.

This was a very good performance, thoroughly prepared and confident at every tricky change of mood and tempo. The chorus could afford to sing lightly and with restraint because they were so numerous; yet they did not sound woolly, or slightly dull and under the note, as large choruses often do.

Beethoven cast a quartet of solo singers as individuals who emerge from the chorus, momentarily narrowing the focus, instead of giving them complete, separate numbers. The effect is magical, and the soprano Amanda Halgrimson, if è bit wobbly, shone on high, as did the sweet and youthful, yet splendidly incisive tenor, Steve Davislim, who replaced the indisposed Hans Peter Bloschwitz.

The mezzo-soprano Sarah Walker was her usual characterful self, her rather throaty sound a bit small and lightweight in this context, while the bass Alistair Miles was pleasingly steady and devout-sounding, totally without self-promoting bluster.

The orchestra played well. In the Sanctus, the slow, austere interlude for the lower strings following the Osanna was almost free of vibrato and deeply moving, and leader Michael Davis wove his long, looping solos surely through the contented amble of the Benedictus.

Adrian Jack

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INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw
Tel: 31-20-5730573
● Nederlands Philharmonisch Orkest: conducted by Vassili Sinaiski with pianist Jean-Yves Thibaudet perform works by Duparc, Ravel and Franck; 8.15pm; Dec 23
● Regina Albrink: the pianist performs works by Handel, Beethoven, Liszt and Chopin; 2.15pm; Dec 26

■ BERLIN

CONCERT
Konzerthaus
Tel: 49-30-203092100/01
● Kammerorchester "Carl Philipp Emanuel Bach": conducted by Hartmut Haenchen, with harpist Maria Graf perform works by Corelli, Handel, Stamitz and Mozart; 8pm; Dec 23
● Messe für Soli: by J.S. Bach. Conducted by Gert Sell and performed by the Berliner Oratorien-Chor; 8pm; Dec 28

EXHIBITION
Kunstgewerbemuseum - Tiergarten Tel: 49-30-2662902
● Contrasts in 20th-Century Design: this exhibition shows modern design, glass works, ceramics, textiles and furniture from this century; to Dec 29
OPERA & OPERETTA
Komische Oper Tel: 49-30-202600
● Le Nozze di Figaro: by Mozart. Conducted by Jakov Kreizberg and performed by the Komische Oper Berlin; 7pm; Dec 28

■ BOSTON

EXHIBITION
Museum of Fine Arts
Tel: 1-617-267-9300
● Poster Mania: The 1890s: the last decade of the 19th century is considered the "golden age" of the artistic poster. This exhibition features 45 colour posters by French, Swiss, Belgian, German, Dutch and American artists; to Dec 31

■ DETROIT

EXHIBITION
The Detroit Institute of Arts
Tel: 1-313-833-7963
● The Paine Webber Collection: one of America's most important corporate collections with 75 paintings, sculptures, works on paper and photographs by Willem de Kooning, Cy Twombly, Andy Warhol, Susan Rothenberg, Kiki Smith and others; to Dec 31

■ FRANKFURT

OPERA & OPERETTA
Städtische Bühnen - Oper, Ballett, Theater Tel: 49-69-2123744
● Die Dreigroschenoper: by Weill/Brecht. Conducted by Hans Hollmann and performed by the Ensemble Modern. Soloists include Friedrich-Karl Praetorius, Helmfried von Lütticheu, Ingeborg Engelmann and Katherina Lange; 7.30pm; Dec 23, 25, 29, 30, 31
● La Traviata: by Verdi. Conducted by Guido Johannes Rumstadt and performed by the Oper Frankfurt. Soloists include Ana Felicia Filip, Ilse Gramatzki, Elsie Maurer, Luca Lombardo, William Stone, William Saetre, Franz Mayer, Carlos Krause and Vladimir de Kanel; 7.30pm; Dec 26, 29

■ GENEVA

CONCERT
Grand Casino Tel: 41-22-7319811
● Harlem Gospel Singers of New York: the Afro-American singers from New York with Queen Esther Marrow perform gospels, spirituals and rock & roll; 8.30pm; Dec 23

■ HAMBURG

CONCERT
Musikhalle Tel: 49-40-346920
● Hamburger Konzertchor- und Orchester: with conductor Walter Gehlert and soloists Lisa Sourjikova, Ljudmila Kholodova, Gor Arsenian and Ke-Qing Liu perform works by Verdi, Puccini, Mozart, Donizetti, Janácek and others; 4pm; Dec 26

■ HELSINKI

EXHIBITION
Ulkomaisen Taiteen Museo - Museum of Foreign Art, Sinebrychoff Tel: 358-0-17336360
● The Ter Borchs meet again: an exhibition from the museum's own collection that clarifies the background and history of Gerard ter Borch's painting "Woman Drinking Wine with a Letter in her Hand" and the history of its pendant painting; to Dec 31
OPERA & OPERETTA
Opera House Tel: 358-0-403021
● Carmen: by Bizet. Conducted by David Stern and performed by the Finnish National Opera. Soloists include Peter Lindroos, Ning Liang, Raili Viljakainen, Raimo Laukka, Ilkka Vihavainen, Jarmo Ojala and Ritva-Liisa Korhonen; 7pm; Dec 29

■ HOUSTON

EXHIBITION
Museum of Fine Arts
Tel: 1-713-639-7300
● Texas Modern I: 1925-1975: the collection consists of more than 700 works created by artists ranging from Alexandra Hogue and Myron Stout to Melvina Edwards and Dorothy Hood. This display concentrates on artists who have sought to fashion distinct regional identities; to Dec 31

■ LONDON

CONCERT
Barbican Hall Tel: 44-171-6388891
● London Concert Orchestra: with conductor Philip Simms, the Thomas Tallis Choir and the Trinity Boys Choir and soloists Bonaventura Bottone and Crispian Steele-Perkins perform works by J.S. Bach, Handel, Gounod, Franck, Clarke, Stanley, Adams and Bizet; 8pm; Dec 23
St. John's, Smith Square
Tel: 44-171-2221061
● Messiah: by Handel. Conducted by Stephen Layton and performed by the Orchestra of Polyphony. Soloists include Emma Kirkby, James Bowman, Ian Bostridge and David Wilson-Johnson; 7.30pm; Dec 23

■ NEW YORK

DANCE
City Center Theater
Tel: 1-212-581-1212
● Alvin Ailey American Dance Theater: in a mixed programme, including the choreographies "Rainbow 'Round My Shoulder" by Donald McKayle, "Fathers and Sons" by Shapiro & Smith, and "Revelations" by Alvin Ailey; 8pm, Sun 7.30pm, Wed & Sat also 2pm, not on Dec 25; to Dec 31
OPERA & OPERETTA
Metropolitan Opera House
Tel: 1-212-362-6000
● Dia Zauberflöte: by Mozart. Conducted by Peter Schneider and performed by the Metropolitan Opera. Soloists include Joan Rodgers, Deon van der Walt and Mark Oswald; 1.30pm; Dec 23

■ OXFORD

EXHIBITION
Ashmolean Museum of Art & Archeology Tel: 44-1865-278000
● Legacy of the Mongols: Ceramics and Tilework of 14th-century Iran; to Dec 29

■ PARIS

EXHIBITION
Musée Picasso Tel: 33-1 42 71 70 84
● Picasso, Photo-Medium: exhibition on work by Picasso-based on anonymous photographs and in collaboration with photographers as Dora Maar, Brassaï and André Villers. The exhibition includes 200 works made between 1913 and 1962; to Dec 31

■ STOCKHOLM

OPERA & OPERETTA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
● Aida: by Verdi. Conducted by Maurizio Barbacini and performed by The Royal Opera Chorus. Soloists include Anders Lorentzson, Ingrid Tobiasson, Hillevi Martinpelto, Raimo Sirkia, Jerker Arvidson and Tord Wallström; 3pm; Dec 26

■ VIENNA

OPERA & OPERETTA
Wiener Staatsoper
Tel: 43-1-514442960
● Le Nozze di Figaro: by Mozart. Conducted by Leopold Hager and performed by the Wiener Staatsoper. Soloists include Soile Isokoski, Juliana Banse, William Shimell and Renato Girolami; 7pm; Dec 28

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Philip Stephens

Stubborn, not strong

The Tories may be in for a rotten Christmas but it will suit Tony Blair if John Major's government hangs on until 1997

Tony Blair expects to enter 10 Downing Street in the spring of 1997. If you ask, he will tell you that his party is ready to fight the general electioo at any moment. Its campaign team is moving even now into smart new headquarters in Westminster. There is no shortage of cash in New Lahour's election fund. Mr Blair would add that be will do everything possible to harry John Major into a early cootest. But take Mr Blair aside and his best guess is that the government will bold on until the end of the parliament. And that may suit Labour as much as it does the Conservatives.

This analysis may seem strange to those of you who have observed tbe government shooting itself in every part of its anatomy during the past few days. I wonder who exactly decided that the very first rail franchise should be awarded to a company wbose business practice was recently described by the Monopolies and Mergers Commission as "deplorable". Personally, I have nothing against Stagecoach. Selfishly, I avoid the buses. But I cannot be alone in finding it strange that an organisation with so dubious a record should now be the recipient of such large handouts of public money.

Turn now to Peter Davis. This gentleman regulates the National Lottery. He thinks it perfectly proper to accept bospitality from one of the corporate partners in the Camelot consortium which makes oodles from the nation's weekly flutter. Perversely, it now seems to the outside world that Mr Davis's personal reputation is tied to that of the company which he should be regulating. So have we heard a quiet word of apology, a gentle admission that his judgment momentarily deserted him when he clambered aboard that private jet? Not a hit of it. Mr Davis knows this government has neither the wit nor the courage to dismiss him.

Incidentally, I am told that it is now axiomatic in Whitehall that demands from the media for the resignation of public figures must be resisted regardless of the conduct of the individual concerned. Stubbornness is mistaken for strength. Henceforth, you can get away with almost anything as long as you ensure that at least one newspaper demands your dismissal.

Just to ensure that the prime minister has a truly miserahle Christmas, the Tory Eurosceptics rounded off the catalogue of calamities hy defeating the government in the House of Commons. No matter that this particular vote, on the European fisheries policy, will save not a single cod, plaice or haddock for the trawlermen of Grimsby and Newlyn. Reason has long departed the minds of those Tories who think the best way to advance the anti-European cause is to assure Mr Blair of an election victory. Each such occasion makes one feel for Mr Major. It's them, not him. His resilience is ever more astounding. Does anyone deserve the gesture politics of William Cash and his Eurosceptic chums?

Enough. This is not, yon will have gathered by now, a column brimming witb seasonal good cheer. But there is no need to explore here the miserable misfortune of David

A cold winter could well see the prime minister heading the first minority government since the 1970s. But do not wager your savings on a poll during 1996

Ashby, the Conservative MP facing ruin after a failed libel action. Nor will we dwell on the lastest episode in the royal soap opera. Others can debate the constitutional implications of a divorce for Prince Charles and Princess Diana. I am indifferent as to whether it is Charles, his son William, or Walt Disney's Lion King who next sits on the Britiah throne. But the sooner we are spared the tortured self-indulgence of the Barbie Princess Di the better.

So back to Mr Blair. Of course, if the chance comes to precipitate an early election, he will take it. And with Mr Major facing a fall in his majority at Westminster to just three, that must always be a possibility. A cold winter could well see the prime minister heading the first minority government since the 1970s. But do not wager your savings on a poli during 1996.

A premature election forced on Mr Major would, by definition, be one that promised a massive majority for Mr Blair. I cannot see the Ulster Unionists throwing away tbeir leverage in the Northern Ireland peace process quite so easily. Mr Blair agrees. So he is planning for tbe longer haul, a period of 15 months or so during which New Labour will show us a little more of its ankle. Do not expect, though, excitement. Mr Blair has a ready retort for those who mock the timidity of his prospectus.

Think for a moment, he will say, about what was in the voters' minds in 1992. There was a host of reasons wby support for (Old) Labour melted away. Taxes, trade unions, Neil Kinnock. But of one thing you can be certain. No one left the polling booth having shunned the opposition party because it was insufficiently exciting. He has a point. The world feels ever more insecure. Fear of change is probahly Mr Major's most powerful weapon.

Mr Blair is unapologetic too about the frustratingly deliberate pace of his project. The chattering classes may be impatient with the repetition, hut he is certain that the real electorate cannot be told too often that Labour has broken with the past. Ask him to spell out now the three or four policies which will be at the heart of his manifesto and he will tell you he is hiding his time. He has decided in his own mind but has no intention of giving the Conservatives time to mobilise their attack.

The basic pillars are there. An economic policy with the amphasis on partnership rather than state direction. A one-nation approach to social policy. A programme of political reform. Mr Blair promises they will be illuminated eventually by a series of emblematic policies on the economy, welfare reform and social cohesion. But, before that, there is much work to be done on existing commitments. He will not disavow the pledge inherited from the late John Smith to turn the constitution upside down. But the plans for devolution, for reform of the House of Lords, and for a revival of local government, do not yet have the feel of a workable enterprise.

Mr Blair intends also to tighten his grip on the party machinery. He sees the real story behind Lahour's long spell in the political wilderness as his predecessors' failure to shape the culture and organisation of party activists. He does not intend to make the same mistake. For all this be needs the time which a 1997 election would allow.

It is not an agenda to set pulses racing. But then Mr Blair is not that sort of politician. Nor, in ber opposition years, was Margaret Thatcher. Like her he prefers power to plaudits. The closer one looks at the leader of New Labour, the more his political calculus resembles that of his Tory heroine. A chilling thought. But then I did warn yon to look elsewhere for seasonal fare. Happy Christmas.

LEADERS FOR A NEW MILLENNIUM

Eric Lander · By Clive Cookson

Cartographer of life

A comprehensive "map" of human genes is puhlished today in the journal Science. Guided by it, scientists expect to reveal all 3bn chemical letters in our genetic code within 10 years – an achievement that promises better health for humanity and an eventual cure for many of the most obdurate diseases.

Amazingly, in a world of rigid scientific disciplines, the international team of 50 researchers who produced today's DNA map is led by someone who worked professionally as a mathematical economist until six years ago. Eric Lander spent the 1980s teaching at Harvard Business School and "moonlighting", as he pnts it, in molecular biology labs at the Massachusetts Institute of Technology.

In 1989 Dr Lander switched officially to MIT and biology. He now directs the MIT/Whitehead Centre for Genome Research and is recognised internationally as a star among the new generation of geneticists.

But Dr Lander maintains a practical interest in business through Millennium, the appropriately named genetics company he co-founded in 1993. This week Millennium announced a $60m (£39m) collaboration with Astra of Swedan on genetic factors in respiratory disease, to follow earlier agreements with Roche ($70m for obesity and diabetes genes) and Eli Lilly ($50m for narrowing of the arteries).

What makes Dr Lander stand out from other brilliant gene researchers is his intellectual versatility. He delights in venturing beyond the science and engaging in all tha medical, social and business implications of genetic research. He talks not only about the promise but also of threats ranging from unfair genetic discrimination to a revival of eugenics and "race science".

The genome project will enable doctors to test individuals for mutations in any of the 100,000 genes that provide the human blneprint. Indeed, prototype tests are already available for hundreds of genetic defects, including ones that predispose people to breast cancer and Alzheimer's disease.

Sucb tests will be invaluable for tailoring each patient's treatment to the precise molecular cause of his or her disease. But the results must be treated like social dynamite – handled wrongly they could destroy employment prospects, insurance eligibility and much more besides.

The privacy of genetic informatioo is the most urgent issue, Dr Lander says. "Genetic information should empower every patient to seek the sort of medicine he or she needs. Yet the effects can be

'Genetic information should empower every patient to seek the sort of medicine they need'

terrible if it gets into the hands of others."

There are many examples of the way gene tests could be misused. Dr Lander mentions Ronald Reagan, the former US president who is now suffering from Alzheimer's disease. If the genes that predispose people to Alzheimer's had hean known when he was running for office as a somewhat elderly candidate, he might have come under irresistible pressure to undergo a test. Or someone might have done an unauthorised test – one hair root would be enough. A positive outcome would have destroyed his campaign.

Most people do not know how to cope with information about their own genes, he says. "We need to invest more in genetic counselling.

"Even if people do understand what you are telling them, we do not know enough about their likely reactions. How are you supposed to react if you're told that yon have a very high risk of developing a fatal disease before the age of 50 – and there isn't yet any treatment?"

And Dr Lander has a broader coocern about "the tendency in western thought to imagine that there's a single best model of everything – including a single best genotype. This is very dangerous thinking.

"Most genetic variation cannot be defined simply as good or bad," he says. "For example manic depression is very much over-represented among artists and writers; the 'disease' can confer an artistic advantage. Wa need to cultivate an appreciation of diversity."

At the very least, Dr Lander says, all genetic decisions – such as whether to take part in antenatal screening for harmful mutations and then have an abortion if one is detected – need to be left in the hands of individuals.

But this may not be a sufficient safeguard if there is very strong public pressure in the direction of genetic uniformity. "We need to engage the public more fully in the debate," Dr Lander says.

From the moment he emerged as an authority on genes, he has been happy to talk openly ahout controversial issues even when his views clash with influential colleagues. He is helped by an earlier "moonlighting" experience – as a journalist on Business Week in the late 1970s – which left him with a keen sense of what makes a "good story".

For instance Dr Lander was an early critic of the way forensic scientists and courts were using DNA fingerprints to identify and convict criminals. His attacks – focusing on poor scientific controls and misleading statistics – played a part in raising the standards of genetic evidence.

Although Dr Lander maintains a foot in both the husiness and academic camps, he is anxious not to leave himself exposed to criticism of potential conflict of interest.

"We keep a rigorous division between my work for Millennium [as a non-executive director and scientific consultant] and my academic work at the genome research centre where we publish all our work without patents or restrictions," he says. "We have set things up so that the projects are entirely different. What I built academically are the generic tools to map any gene; at Millennium they work on specific genes."

Dr Lander is discussing a possible move to California to run a new genome research institute that Roche, the Swiss pharmaceutical giant, plans to set up in partnership with Stanford University.

But, wherever he is, Dr Lander will be a scientific leader of the new millennium. "When the whole human genome is available on CD-Roms, we can begin to figure out how the 100,000 genes interact and talk to each other, how they respond to different diseases and developmental pressures. I reckon that my scientific career will really start around 2005."

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MERRY CHRISTMAS

LETTERS TO THE EDITOR

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Russian distinctions fail to help understanding

From Mr Johnathan Sunley.

Sir, Does the distinction between reformers oo the one hand and communists and nationalists on the other really help us to a clearer understanding of events in Russia – these being the categories relied upon in your editorial "Elections in Russia", (December 19), as in most western analyses of the Sunday's elections?

It may be superfluous to mention that Boris Yeltsin, the president, or prime minister Victor Chernomyrdin were once leading figures in the Soviet Union's Communist establishment. More telling for most Russian voters is that in their zero-sum approach to power (witness the shelling of the country's parliament in 1993) and barely disguised corruption today's reformers are every bit as communist as the snpposedly unreconstructed apparatchiks led by Mr Gennady Zyuganov.

As for nationalism, surely such deeds as the Russian government's incessant interference in the affairs of neighbouring states or the brutal intervention in Chechnya qualify for this term no less than the inconsistent ramblings and rantings of Mr Vladimir Zhirinovsky? At least based on the discussions I had on Sunday with ordinary Russians, it sbould be noted that neither of these policies are very popular. The same can also be said of the hardline resistance to the eastwards expansion of Nato exhibited over the past couple of years hy (among others) foreign minister Andrei Kozyrev, whose fate as a "reformer" in a reshuffled cabinet is held to be a matter of such concern for the west.

In short, just as the Kremlinological distinction between "hawks" and "doves" did not serve us very well in analysing the genuine dynamics of the communist system, so now insisting on a gulf between reformers and the rest will not improve our understanding of post-communism.

And especially not of why otherwise rational voters in Russia and other parts of eastern Europe seem determined to turn back the political clock – when that is often the last thing they want.

Johnathan Sunley,
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Confucian principles taken too lightly

From Mr Kenneth P. Armitage.

Sir, The hrief résumé of Mr Shi Yuzhu (Leaders for a New Millennium, December 18) and his management of the Zhuhai Giant Advaoced Technology Group made interesting reading. I am not sure that having "a principled and disciplined organisation" is, necessarily, a communist principle.

However, there is mucb to be said for the Confucian principle of trust, based on honesty, openness and good communications, which many organisations have taken too lightly. Rather, the most senior management have regularly reiterated the statement that "their workforce is the most valuable resource" and yet have demanded increasing flexibility and taken to hiring and firing them at will.

If the broken promises and the levels of stress continue, then people will become less willing to work longer hours, accept transfers to different operating divisioos in other areas of the country or remain with a company. Perhaps Mr Shi, and his vacant plinth, have a point.

Kenneth P. Armitage,
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Deutsche Bank move represents an act of global leadership in accountancy

From Mr Robert Kelley.

Sir, Your article "Deutscbe Bank in accounting standards move", December 20) could have easily carried the headline of the article that appeared just ahove it, "An approach that broke witb usual practice".

Mr Jürgen Krumoow and his fellow directors at Deutsche Bank are to be commended on their decision to report financial performance using international accounting standards. Their decision is a break witb usual practice, and represents an act of global leadership.

To call ioternational accounting standards "Anglo-Saxon", however, is misleading. The standards are global in origin and application. The global movement towards recognition of international accounting – both the standards used and the delivery of accounting services – has a full head of steam. It was launched by the ministerial-level "Decision concerning professional services", which formed part of the Uruguay Round trade package of 1994.

A working party to implement this decision was set up by the World Trade Organisation earlier this year. With the enthusiastic co-operation from many nations, tbe working party could substantially complete its mandate by December 1996, when the world's trade ministers meet in Singapore to review the Uruguay Round agreements.

If so, while other service sectors linger, professional services, especially accountancy, would set the pace for the World Trada Organisation'a programme of continuing trade liberalisation and globalisation of services.

Robert F. Kelley,
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A fringe view of theatre economics

From Mr Michael Mears.

Sir, In response to Ian Shnttleworth's question at the end of his review of my play *Soup* about homelessoess ("Haunting drama of failed relationships", December 16/17) – "If *Soup* cares as much as it seems to strive to, why is Shepherd's Bush Housing Associatioo giving financial assistance to Mears rather than vice-versa?" – I can only assume he is unaware of the parlous state of theatre economics, particularly on the fringe.

The run of tbe play at the Lyric is solely funded hy me, a budget of £8,500 from hard-earned savings which I can ill afford hut am willing to risk for a play that I, and the vast majority of people who have seen it so far, believe has something important to say about this appalling prohlem.

SBHA has not sponsored the run but kindly offered to donate a sum to make possihle a special performance of the play on December 14 for an audience of homeless people, providing food as well, and with a discussion after with local policymakers.

For my own part, I have made available free tickets to day centres and hostels, given free adverts in the programme for four charities, and inserted their literature in the programme. I have also given 10 free workshops to schools on the play and its subject matter which have been extremely well received.

I have worked for no money for the last four months, and am not paying myself at the Lyric. So yes, Mr Shuttleworth, I do care. And no, you need not suspect my motivation.

Michael Mears,
20 Auckland Road,
London SW11 1EP, UK

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Friday December 22 1995

The sooner the better

Monarchies are not renowned for their perception of the realities of life. George III, who went mad, was crowned king of England and France several centuries after that ceased to be a plausible proposition. Yet the Queen now recognises what most of her advisers and subjects have long taken for granted: that after three years of acrimonious separation, the marriage of the Prince and Princess of Wales has irretrievably broken down, and the sooner they divorce the better.

Constitutionally, a divorce is no big deal. It would not qualify the legal standing of Prince Charles to ascend the throne. The Church of England, of which the sovereign is supreme governor, has long recognised divorce. And little stigma attaches in a country which now has more than half as many divorces as marriages each year – and twice the divorce rate of the European Union as a whole.

For those who want the monarchy to mint model families, it will be a disappointment. Queen Victoria, who launched that idea, would not have been amused at the public recriminations of the royal couple. But today's public has greeted the unfolding drama with a mixture of sympathy, hilarity and bemused fascination.

The quasi-constitutional issues raised by a divorce are settled easily enough. The Princess of Wales will continue to be a public figure supported by the royal household. A formal ambassadorial role is hardly appropriate, but she appears anxious to pursue her "queen of hearts" mission to society's most vulnerable. Prince Charles has said he does not intend to remarry, but should he wish to do so in due course only the Church is likely to raise any objection of principle.

Popular support

What of the monarchy's future as an institution? There is no sign that the years of family feuding have threatened its survival, at least within the UK itself. The institution appears to enjoy greater popular support than at any time in recent centuries – excepting the few decades after the outbreak of the second world war, when no serious politician dared question its role in public.

Moreover, the strength is as much intellectual as popular. It is symbolised by the publication this year of a definitive study of the constitutional monarchy by Mr Vernon Bogdanor, a foremost academic proponent of sweeping constitutional reform, who claims the status quo as the best of all possible worlds. "If the conjunction of monarchy and democracy may seem a contradiction," he concludes, "it would be well to bear in mind Freud's aphorism that it is only in logic that contradictions cannot exist."

Relevant monarchy

In the same spirit, it is absurd to suggest that the monarchy's future depends upon its becoming somehow "modern". Rather, the challenge is to make an inherently unmodern monarchy relevant. In political terms, this is little challenge. The need for an impartial, symbolic head of state is as great as ever; even Australia, where the campaign for an indigenous head of state seems unstoppable, is having acute difficulty agreeing on a suitable alternative.

The monarchy has a harder job remaining socially relevant. Yet ironically Charles and Diana, in their different ways, have addressed this task more seriously than any royal since Prince Albert in the 1850s. At their behest the development of the "welfare monarchy" – the ubiquitous patron of worthy causes from Aids to architecture – has reached new heights. In a society which generally accepts that governments must do less and volunteers do more, this role will not diminish.

The position of the Crown in relation to the Church is more problematic. Prince Charles would like to be "defender of faith", not just the faith of the state Church of England which he will formally govern. Yet the monarchy has been here before. The coronation oath is changed at each accession to suit the sensibilities of the day. It used to swear unwavering hostility to Catholics; last time it simply pledged support for Protestantism and the C of E; it can readily be made more comprehensive still. Almost everyone will be paying more attention to the Crown, the flummery, and where in the cathedral they have placed Diana.

Walesa should go quietly

Mr Lech Walesa, the departing Polish president, has always had a flair for the theatrical and a taste for intrigue. In the dying days of his five-year presidency he has indulged both talents by calling in military prosecutors to investigate "treason" by Mr Jozef Oleksy, the prime minister. The attack follows an earlier assault on Mr Aleksander Kwasniewski, the incoming president, who was found to have lied about his educational qualifications.

Mr Kwasniewski and Mr Oleksy were officials in the last communist government before the historic victory of the anti-communist Solidarity alliance led by Mr Walesa in 1989. But in September 1993 the communists, transformed into social democrats, came back to power. In spring this year Mr Oleksy became prime minister of a revamped government coalition of the Democratic Left Alliance (SLD) and the Peasants party (PSL). Five weeks ago, Mr Kwasniewski defeated Mr Walesa in the second round of the presidential elections and is due to be inaugurated on Saturday.

The prospect of Catholic Poland's being ruled by a former communist prime minister and a former communist president is clearly too much for Mr Walesa. He spent weeks calling for an annulment of the presidential elections because of alleged ballot-rigging and Mr Kwasniewski's over-inflated educational claims.

Sensible reaction

Last week, however, the high court accepted the results of the elections. Now Mr Walesa has come back with a graver personal attack on Mr Oleksy, whom Mr Andrzej Milczanowski, the interior minister appointed by Mr Walesa, yesterday accused of having clandestine meetings with "the agent of a foreign power" between 1990 and 1995. These are serious charges. Mr Oleksy has denied them and reacted sensibly by declaring willingness to waive parliamentary immunity and answer all charges in a court of law.

Many Poles doubtless share Mr Walesa's doubts about the suitability of former communists for high office, especially after last weekend's Russian elections. Russian voters opted strongly for a revived Russian communist party which still calls itself communist and wants to restore the former Soviet Union to its past glory.

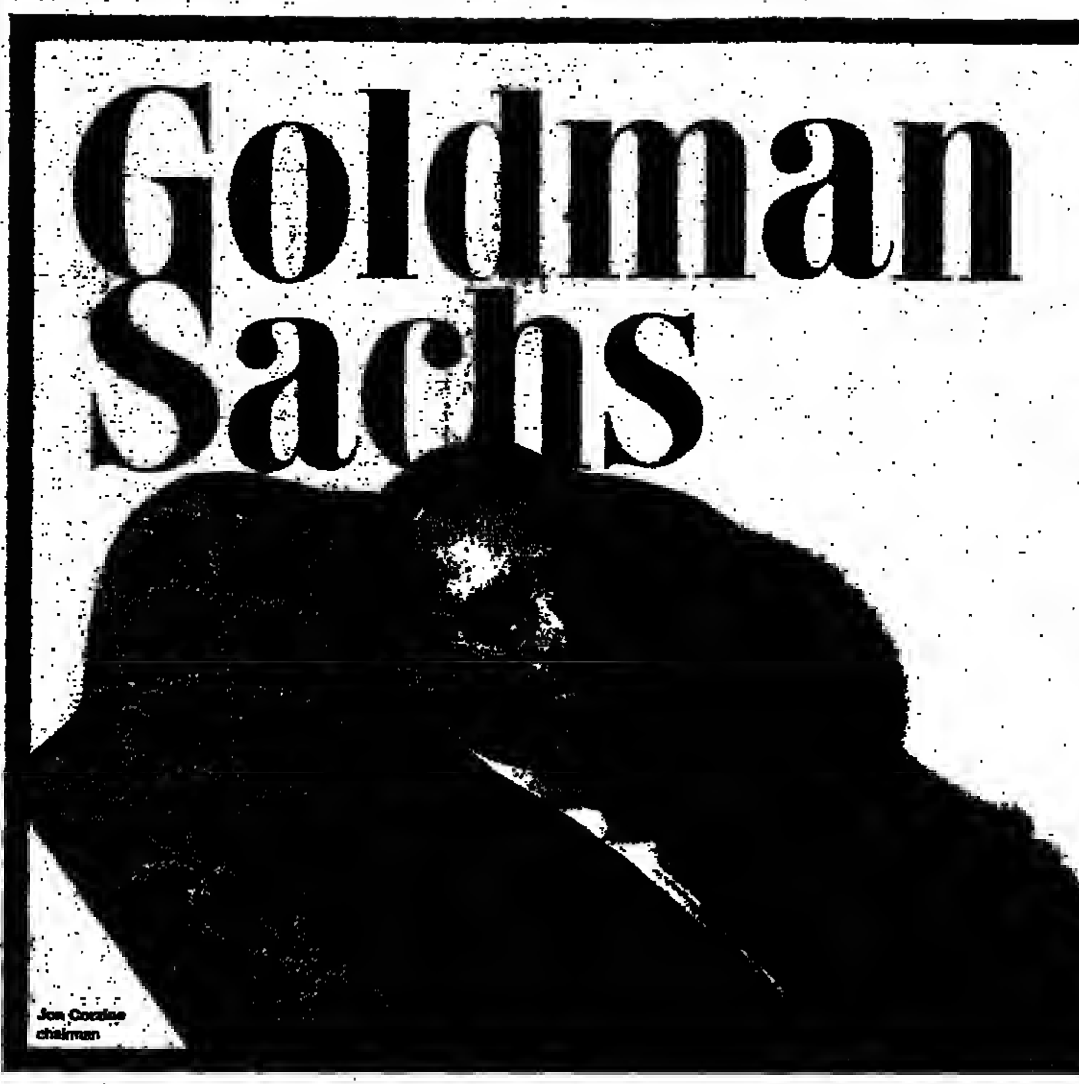
This is an unrealistic dream. Most central European states, including Poland, now do more than 60 per cent of their trade with the west and also have alternative sources of energy and rapid export and investment-led growth. They are rebuilding links with Russia, but on a normal inter-state and private-enterprise basis. They have no desire to turn the clock back, even though most of central Europe, apart from the Czech Republic, is now led by former communists.

Enormous changes

Poland and the other former satellite states are no longer indirectly ruled by Moscow through close party, military and intelligence linkages, as they were prior to 1989. To pretend otherwise is to underestimate the enormous changes which have taken place throughout the former Soviet world over the last six years. Mr Walesa knows this as well as anybody, or should.

Throughout the presidential campaign he tried to persuade the electorate that this was not so. He failed. When the people's choice, Mr Kwasniewski, is installed as president, he will doubtless move to introduce the proposed new constitution. This should end the tension between the president and successive governments that characterised Mr Walesa's tenure.

Mr Walesa was a flawed president who kept historical wounds in Polish society open. But during his tenure Poland underwent a peaceful economic revolution and restored democratic government under the law. He now owes it to Poles and to himself to step down gracefully and make way for Mr Kwasniewski, as the law prescribes. He should concentrate his future efforts on building up an effective opposition. This should help keep the former communists on the democratic path, by offering constructive criticism and standing ready to present alternative policies to Polish voters at the next elections, which could come sooner rather than later.

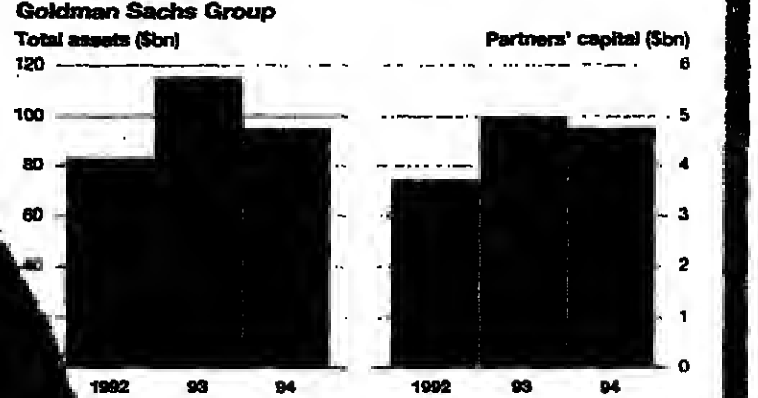


Jon Corzine: chairman

Top advisers on completed deals worldwide, 1995 (year to end September)

Adviser	Value ($m)	Market share (%)	Number of deals
Morgan Stanley	85,518.4	20.8	99
[illegible]	[illegible]	[illegible]	[illegible]
CS First Boston/Credit Suisse	64,272.5	15.6	91
Lazard Houses	59,997.4	14.6	81
Merrill Lynch	35,921.4	8.7	121
Lehman Brothers	30,968.8	7.5	95
J.P. Morgan	28,384.3	6.9	69
Salomon Brothers	27,769.5	6.7	76
Bear, Stearns	23,617.0	5.7	34
Baring Brothers	20,734.1	5.0	25
SBC Warburg	18,703.7	4.5	70
Donaldson, Lufkin & Jenrette	17,283.0	4.2	51
Deals with adviser	338,615.9	82.3	1,663
Deals without adviser	72,936.9	17.7	8,568
Industry totals	411,552.8	100.0	10,231

Goldman Sachs Group



Source: Goldman Sachs, Mergers & Acquisitions International

A shot at the golden carrot

A partnership at Goldman Sachs is among Wall Street's biggest prizes, says **Maggie Urry**. But the bank is debating whether to seek a listing

It must be the longest running debate on Wall Street. Will Goldman Sachs, the last big partnership among US securities firms, seek a stock market listing? This week, the debate came into the open when Mr Jon Corzine, senior partner, acknowledged publicly that a flotation was again under consideration.

A partnership in the 127-year-old firm, one of the most prestigious US investment banks, has long been among the greatest prizes on Wall Street, reckoned to be worth $10m (£15m) or more. It is not one that partners will give up lightly. But changing times and fortunes for the leading US securities houses are putting pressure on the firm to include more long-term equity in its capital structure.

Mr Corzine, who voted in favour of going public in 1986 on one of the many previous occasions the question was asked, makes no comment as to how he feels this time. A softly spoken, bearded man, he looks nothing like the stereotypical Wall Street banker.

He says the partnership is obliged to consider the issue. "If you did not have this discussion there would be a big debate about why aren't they talking about this." Yet he seems anxious to stress that not only has Goldman no need to float but its partnership structure still benefits the firm.

Since Goldman closed its books last month on one of its more profitable years, there is certainly no immediate pressure to seek a listing. Profits before the partnership share-out bounced from $508m in 1993-94 – a disastrous year for Wall Street – to $1.37bn in 1994-95.

And although Goldman has not been immune to problems, its future "up there in the bulge bracket" as one banker puts it, is not in serious doubt. The firm has topped the league tables for equity underwriting in 1995 and is a close second on mergers and acquisitions.

However, timing for a flotation is propitious. The recent initial public offering by Donaldson, Lufkin & Jenrette, the US investment bank, was a success and the share prices of other stockbrokers have risen this year. Longer serving Goldman partners could use a flotation to "cash out" at a high price.

The main argument for a float, though, is that Goldman might find itself at a disadvantage if it does not adjust its capital structure.

Competition on Wall Street is fiercer than ever. Rivals with huge resources are putting more capital into the business, and salaries are being bid up as banks attempt to poach top performers. Some analysts believe that in 10 years Wall Street will have lost many well-known banking names through takeovers or attrition.

When Goldman decided not to float in 1986 it turned instead to other providers of capital. Over the subsequent years it has pieced together a capital structure which relies heavily on quasi-equity, which is both redeemable and carries a high fixed cost.

In 1986 Sumitomo Bank of Japan invested $500m in return for a share of the profits. Later, private placements of the quasi-equity were made with insurance companies. And in 1992 a Hawaiian educational trust, the Kamehameha Schools/Bishop Estate, invested $250m in equity, doubling that amount in November last year.

But while the new capital is welcome, it carries drawbacks too. As outside investors have been brought in, the proportion of the firm's capital coming from its general partners – those still working at the firm rather than the retired, limited partners – has fallen to well under half.

That is not a problem when profits are high. But if profits drop, as in 1994, the outside investors get priority and are paid a relatively high return. That leaves little for the general partners, who otherwise receive what, by Wall Street standards, are modest base salaries.

If, at the same time, several partners were to retire and take their money out over the following five years, it could put the firm's capital under severe strain.

According to the head of one rival investment bank, "in the long run, Goldman's capital structure is expensive and vulnerable. It's not as strong as a public company's would be. It's untenable." He predicts that, with investment banking set to become ever more competitive, Goldman will need more capital. "If earnings are high," he says, "the capital structure is not a problem... But if earnings are not great, they are vulnerable, and if they lose money there will be a crisis."

Mr Corzine dismisses such suggestions. He says the capital "does have a different risk profile than might occur in other structures. But it is not one which is unworkable. I think that we have the ability, if we so choose, to stay in the current structure without threatening plans or strategies."

While a flotation might seem the obvious way to strengthen the capital base – allowing Goldman to replace expensive, preferred, and redeemable capital with cheaper and permanent equity – there are powerful arguments against as well.

For example, there are several pluses to the partnership structure. In an industry where many firms must pay high salaries and bonuses to retain key staff, Goldman's sense of teamwork and compensation linked to performance is enviable.

Mr Corzine and Mr Hank Paulson, his deputy, repeatedly stress the advantages of the partnership in a business where people are the main assets. They talk of staff's willingness to build careers at Goldman, and of the loyalty of many people in the face of lucrative offers.

However, a flotation might also persuade some of Goldman's partners to leave, and if there were an exodus of its biggest profit makers that would weaken the firm. Mr Corzine is adamant that a flotation would not be pushed through without substantial support.

Also militating against a flotation is the likely reluctance of younger partners to vote to go public until they too have had "a shot at the golden carrot", as one rival investment banker puts it.

One of Goldman's problems is that the age profile of its partners has become unbalanced. Goldman elects new partners every other year, in the autumn. In recent years it has expanded the partnership greatly, with 32 made up in 1990, 35 in 1992 and 58 in 1994.

That means more than half the 173 partners have joined the elite within the last three years and nearly three-quarters in the last five years. With 1994 such a poor year, they have so far had little chance to build up their fortunes.

If Goldman turns its face against flotation, it may have to adjust the mix of its business to escape the insecurity of funding risky activities with risky capital. Many investment banking activities, such as underwriting and mergers and acquisitions, are cyclical, with the result that securities firms often have bumpy earnings records.

Mr Corzine and Mr Paulson say they have already done much to reduce the cyclicality of the business. For example, since they took over at the end of 1994, Goldman has worked to spread its risks more widely and is aiming to build its asset management activity, which has a more even earnings flow.

This has marked a change of emphasis. In the early 1990s it had expanded its proprietary trading side – using its own capital to take market positions. This boosted profits in 1993 but hit it badly in 1994 when the bond market collapsed.

Although Mr Corzine says "we are not afraid of proprietary risk" he says the "absolute level of risk has diminished from 1993-94 levels". By broadening the range of risk-taking and building up other areas, he says, "we hope that we will provide a foundation that dampens down some of the cyclicality that is a natural part of our business".

So Goldman is facing a number of dilemmas. Now would be a good time to go public, but it does not need to. Yet, if profits fell again and a flotation became imperative, many believe the stock market would be unwelcoming.

If it works to smooth its earnings record, will it deprive partners of the potentially huge profits which provide part of the motivation for the partnership structure? And should the older partners risk alienating the younger ones by pushing for a flotation which would allow them to take their cash out?

There are more questions than answers. Goldman partners have voted five times in the last 25 years not to go public and Mr Corzine is determined not to let the debate drag on for too long or to allow it to pit partner against partner. Goldman partners have a lot to think about over the holidays.

· OBSERVER ·

Fickle finger of fate

■ Has Rupert Murdoch lost his touch? The media magnate badly injured his right index finger yesterday as he was practicing in the US maxi-yacht Sayonara, one of the favourites to win this year's Sydney-to-Hobart race.

Murdoch had been putting in some sea-miles because it has been 31 years since he last competed in the 630-mile race dubbed "hell on high water". He ended up second then. But there have been varying reports about how much effort he put into the last race. 'Boy' Messenger, a septuagenarian Sydney salt, who was master of Murdoch's 1964 entry, has been reported as saying that his former boss "used to lock himself away in his cabin and sleep".

This time round Larry Ellison, the Sayonara's owner, has been more complimentary about Murdoch's time at the helm of his $2m yacht. "Rupert drove the boat beautifully" during the Big Boat race, said Ellison. "It is like riding a bicycle – once you've learned you never forget."

It is still not clear whether Murdoch will be laid up for the big race. Indeed, there must be some News Corporation shareholders who are hoping that he will stay on shore. After all, 65 is a bit old for the boss of one of the world's most powerful media empires to be gallivanting around the high seas in search of his lost youth. Those sorts of stunts are better left to the like of Virgin's Richard Branson.

Insurance policy

■ A splendid new advertising clip hits French cinema screens over the next few weeks. The jingle is "Bolero", the lead role played by AGF, the state-owned insurance group, which has been the subject of an on-again off-again privatisation routine.

Sadly, the slogan – "tomorrow is decided today" – is, as AGF knows to its cost, sadly inapplicable to the French state. AGF was to have been privatised last year. It commissioned an agency to produce films to hone its image, but the government failed to move. Same story this year. There is always next. By then, the 1994 publicity campaign will of course be old hat. But the company obviously felt sufficiently sentimental about the existing efforts to expend yet more to put the images on general release during early January.

Car wars

■ Christmas has not managed to displace crime at the top of the South African agenda. Newspapers, politicians and insurance brokers have all been proffering helpful hints for the so-called season of good will. Among yesterday's crop was an advisory from some insurance brokers on what motorists should do if attacked by armed hijackers at a traffic intersection. Ram the car in front, they suggest, the theory being that this will attract enough fuss to scare off the hijackers.

One drawback to this tactic is that motorists are perfectly aware that hijackers sometimes use this technique to tempt them out of their vehicles. Another factor to be borne in mind is the toll of drivers shot dead by hijackers alarmed by sudden movements. At least one luxury car manufacturer is considering installing bullet-proof windows on the driver's side of its cars to offer protection against this particular hazard.

But patience is running out. Mathews Phosa, the premier of Mpumalanga province, has concocted his own plan of action for those few criminals who are actually apprehended. "Now is the time for action. We must publicly humiliate criminals before rehabilitating them," he threatens. How? According to Phosa, by putting them in cages at local zoos and encouraging the public to heap scorn on them. Too good for 'em.

Eating cake

■ This Christmas has been a bitter one for many French shops and restaurants, with strikes paralysing the transport system and discouraging the few consumers who might actually have been prepared to part with a franc or two.

Happily, life is a lot less gloomy for the likes of Tour d'Argent, one of Paris's flashier restaurants which feels the need to inform its clients that it is completely booked for December 31 1999.

Despite the revolutionary slogans being chanted on the streets this month, the platinum-card-holding customers are obviously displaying a certain amount of confidence that this won't be a re-run of the head-chopping, wealth-stripping type of French Revolution of yesteryear.

Free fall?

■ The experts certainly remain pretty gloomy about the French economy. Earlier this week, the OECD announced that it had downgraded its forecasts for French growth next year to 2.2 per cent. No sooner did the downgrading become public than OECD secretary-general Jean Claude Paye appeared on television saying that growth was likely to be "between 1.5 and 2 per cent". Mon Dieu, another revision – so soon?

The comment caused a furore among OECD economists. But it is regarded as entirely sensible by many other observers. And Paye should be credited with some sort of feel – he is after all French.

The Financial Times

50 years ago

Devaluation of Franc pending
Paris: It is learned that the Cabinet meeting this morning endorsed the new franc-dollar rate, and at the same time approved a decision to ask the Assembly next Wednesday to ratify the Bretton Woods agreement.

Newspapers speculating on the new franc-dollar rate place it between 110 and 125 to the dollar.

The franc, at present pegged at 200 to the £ sterling, has been devalued ever since liberation in terms of cost of living inside France.

The purchasing power of the franc is now about one-quarter of its pre-war value. Devaluation will not come as a surprise or a shock to the French public.

Experts here consider that the rate should be fixed at 480 to the £ and 120 to the dollar, but it is believed that for political, rather than economic reasons, the rate chosen will be well below those figures.

● *The pound sterling is currently (1995) worth 7.63 francs, while there are 4.94 francs to the US dollar*

A DELIVERY MAN

FINANCIAL TIMES
Friday December 22 1995

The MALT

Lithuanian bankers held as PM warns of crisis

By Chrystia Freeland in Moscow

Three of Lithuania's senior commercial hankers were arrested yesterday in a banking crisis which government officials warned could affect the nation's ecooomy, including the operatioo of its nnclear reactor.

Mr Adolfas Slezevicius, the prime minister, said the failure this week of Innovation bank, the country's largest commercial bank, had held up payments for the nuclear fuel needed to power the Ignalina reactor – which supplies 85 per cent of Lithuania's electricity – and prevented the plant from paying employees.

Mr Slezevicius said financial paralysis had hit strategic natiooal companies, including Lithuanian Energy Systems, the country's electricity supplier, the port of Klaipeda and the Majeika oil refinery.

"The situation is very threatening, oot only for this individual bank, but for the whole hanking system," be said.

The crisis took a dramatic turn yesterday when anti-terrorist police arrested Mr Arturas Balkevicius, Innovation's chairman, after a 12-hour armed siege of the bank's headquarters in Vilnius. Mr Balkevicius had barricaded himself inside.

Earlier, police arrested Mr Gintautas Preidya and Mr Jonas Mackevicius, the two top officials at Litimpeks bank, Lithuania's secood largest, on charges of defrauding the bank of 137m litas ($34m).

Mr Balkevicius, wbose hank holds 16 per cent of the country's savings, is accused of defrauding Innovation of up to 271m litas. The two Litimpeks bankers are also heing charged with fraud. Innovatioo bank went into liquidation on Wednesday, and Lithuanian officials were last night considering a rescue.

Officials warned the crisis could jeopardise operations at 11 of Litbuania's 28 commercial banks and expressed fears of a run oo the banks hy worried depositors. There have been clashes this week at the Innovation hank's haadquarters between security guards and furious customers demanding their money back.

Government regulators said they had uncovered irregularities at the two banks this month after Innovation and Litimpeks requested permission to merge.

In parliament yesterday, several MPs demanded the resignation of Mr Ratkevicius, whose responsibilities include supervising the commercial banking sector.

But Mr Ratkevicius, who blamed the crisis on bad loans made several years ago, said be would take oo decision until be had met the president and prime minister.

The financial turmoil in Lithuania echoes a banking crisis earlier this year in oeighbouring Latvia, the offshore banking capital of the former Soviet Union. Its financial sector has not yet fully recovered.

Taiwan to liberalise rules governing foreign investors

By Peter Harmsen in Taipei

Taiwan is to allow foreign investors on the island's stock exchange to repatriate their capital more freely, as one of a series of liberalisation measures which may oext year include opening the market to individuals from abroad.

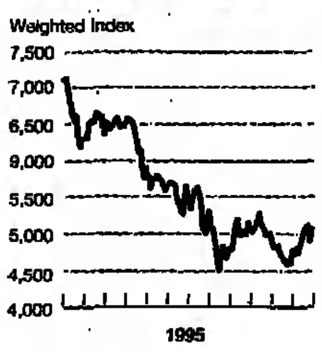
According to the finance ministry, which expects the new rules to take effect within a few days, this means an end to previous regulations forcing foreign institutiooal investors to keep the principal of their capital invested on the stock market for a three-month period before remittance.

A related rule ohliging foreign investors to remit earnings only once a year will also be removed, the ministry said.

"It's wonderful. If, as we expect, it means foreigners can remit freely, I believe the local market will see a rally very soon," said Mr Philip Liu, manager of international institutional sales at Jardine Fleming Taiwan.

The main effect of the move should not he expected until after Taiwan's presidential election next March removes some of the political uncertainty depressing the market, he added. But in response to the news tbe Taipei weighted index yesterday jumped 129.01 points, or 2.6 per cent, to close at 5,093.85.

Taiwan's stock market



Source: FT Extel

Yesterday's decision comes on top of plans by the central bank to raise the ceiling for foreign institutional investors from US$200m to $400m. According to the finance ministry, which has received the bank's proposal for endorsemeot, the increase could take effect before the end of the year.

Analysts generally doubt that the new higher ceiling will mean any significant increase in the amount of foreign investment made in Taiwan.

"Definitely, the new ceiling will give more room for applicants, hut obviously $400m is quite a bit. I think the effect will be minimal except for large institutions which wisb to increase their holding," Mr Joseph Yeh, sales director at Baring Securities' Taiwan hranch, said.

More change may be on the way. So far, only institutional investors can enter tbe stock market, hnt the finance ministry hopes it will be able to allow the entry of foreign individual investors as early as February, and let each person invest up to a tentative $5m.

The ministry is considering revising a rule under which foreign ownership of shares in Taiwanese companies cannot exceed 15 per cent, a limit reached for some of the most attractive investments already.

Virgin nears deal with Janet Jackson

Continued from Page 1

Ms Jackson, 29, whose *Design Of A Decade* greatest hits alhum is now in tbe US and UK Top 20s, was originally signed to a label owned by PolyGram, a subsidiary of Philips, the Dutch electronics group.

She switched to Virgin in 1991 after negotiating a $50m deal witb Mr Richard Branson, its theo-owner. Under the terms of that agreemeot she was required to record two albums. Virgin has since released *jonet* and *janet remired* with combined sales of around 10m copies.

In the middle of this year Ms Jackson and her advisers started negotiating a new contract with Virgin and rival labels, including PolyGram and DreamWorks SKG, the entertainmeot company co-founded by Mr David Geffen, the billionaire music mogul.

Neither PolyGram oor DreamWorks is prepared to meet Ms Jackson's terms. She hopes to secure a contract worth $90m. Both companies are believed to have withdrawn, leaving Virgin to finalise negotiations.

Virgin, which liaised with DreamWorks this summer to sign George Michael in a $50m deal, is eager to re-sign Janet Jackson. Mr Branson used its original cootract with her and another with the Rolling Stones to enhance Virgin's price wbeo he sold it to Thorn EMI in 1992.

UK would gain from single EU time zone, says study

By George Parker, Political Staff, in London

Britain would gain significant economic and road safety benefits by moving the clocks forward an hour to central European time, a study commissioned by Brussels has concluded.

The report, disclosed on the eve of the shortest day of the year, will add weight to the campaign behind a Commons private members bill to hring British clocks into line with the rest of the EU.

The European Commission says the report, compiled over 12 months hy the UK farming agency Adas, proves conclusively that business would benefit from a standard time zone and that bundreds of road casualties in the UK could be avoided. It also suggests health and leisure benefits.

The Department of Transport yesterday added its voice to calls for lighter evenings in the UK. Figures provided hy Mr Steven Norris, transport minister, estimated 110 road deaths could have been avoided last year if the clocks had been put forward an hour.

Despite overwhelming pnblic support for Britain to move to "double summertime", a hill sponsored hy Tory MP Mr John Butterfill is almost certain to fail in the Commons next year.

Scots, led by the Scottish secretary Mr Michael Forsyth, plan to hlock the move on the grounds that it would lead to unacceptably dark mornings north of the border.

Mr Neil Kinnock, the European transport commissioner and former Labour leader, is expected to use the Adas report to put pressure on Britain to switch to central European time (CET).

He will hope that a Labour government would be more sympathetic to the idea.

The report concluded that a move to CET would provide the UK and Ireland with "similar economic, leisure, public health, tourism and road safety benefits currently enjoyed hy continental countries".

After consulting hundreds of organisations, experts and companies across Europe, Adas concluded that an extra hour of daylight in the afternoons would cut road deaths, allow extra time for outdoor physical exercise and provide a boost to the tourism industry.

"Organisations involved in travel, trade and communications prefer any optioo without time difference," the report added.

Mr Kinnock'a office said he would propose at a European transport council meeting next year that CET should be adopted across the EU, hut that any decision would not be binding on the UK or Ireland.

THE LEX COLUMN

Allianz gets tough

If evidence were needed that the German insurance market is getting tougher, Allianz provided it yesterday. Between this nine-month period and the last one, Allianz's German non-life business has managed only a measly 2 per cent increase in premium income. Nor has life assurance done much to help: new husiness has dropped off substantially.

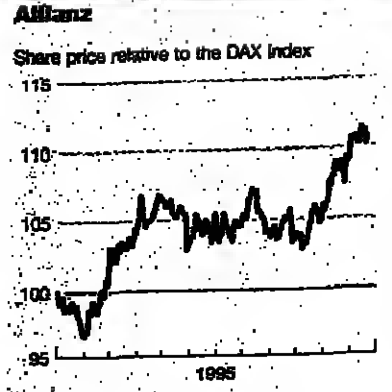
Two factors are at work here. Slowing economic growth has hit sales of life policies. And motor insurance, which accounts for a big chunk of group profits, has been opened up to competition: the cosy regulatory system which propped up rates has fallen apart. In an attempt to retain its dominance of the German market, Allianz has already been aggressively rewriting its tariffs. And this process has further to go – not least because telephone selling of insurance has not yet had a chance to make a real impact.

Allianz may doubt that direct insurers can succeed in Germany, hut it still has to compete with them. The company has the resources to put up a stiff fight, and may even see some of the direct insurers off. But its generous margins will come under heavy pressure in the process.

One would be hard-pressed, though, to spot these gloomy prospects in the share price. The reason is that the market pays little attentioo to Allianz's earnings – the shares trade on a multiple of nearly 40 times – because of the company's huge asset base. But if, as is likely, Allianz's profits come under pressure oext year, investors will start to ask questions.

FT-SE Eurotrack 200: 1571.9 (+6.2)

Allianz



Source: FT Extel

SmithKline Beecham

SmithKline Beecham's DM200m ($139m) purchase of Abtei, a German manufacturer of vitamins and minerals, gives the pharmaceoticals group a foothold in Europe's higgest market. It is also SmithKline's first foray into selling medicines through supermarkets rather than pharmacies. Abtei is the leader in Germany's rapidly growing, $385m-a-year market with a 20 per cent share.

Coming just two days after Glaxo Wellcome sold the hulk of its over-the-coonter products for $1hn, the deal underlines the diverging strategies of the hig UK drug companies. SmithKline is turning itself into a broadly-based healthcare group, spanning prescription medicines, consumer prodncts and drug distribution. Glaxo, by contrast, is concentrating on research into patented drugs and pursuing market share and cost savings by buying rivals like Wellcome. Zeneca is likewise increasingly focusing on drugs, but has dipped a toe into the bospital industry through its acquisitioo of Salick cancer clinics.

These strategies are unlikely to prove equally successful. The drugs sector has had a splendid 1995, with the three big groups outperforming the market by between 15 per cent (Glaxo) and 27 per cent (SmithKline). These premium ratings are supported by the prospect of further takeover activity and the renewed popularity of defensive stocks. In the longer term, though, a strong pipeline of innovative medicines will remain the key. In that respect, SmithKline and Zeneca look well placed while Glaxo has yet to deal with the patent expiry of two major products.

Money-broking

The money-hroking industry has always been as volatile as the markets it serves. But yesterday's announcement of heavy losses at Trio Holdings and last month's profits warning from Exco point to something more than a cyclical downturn in the business. There is a cyclical element: low levels of currency and interest rate volatility – coupled with a contraction in proprietary trading – have depressed global volumes. But there are other factors, such as consolidation among the large banks which form the client base of these money-brokers. When Chase merged with Chemical, for example, the overall volume of trading declined.

Worse, the structure of the industry is changing. The advent of screen-based trading systems such as Reuters 2000-2 and EBS has reduced the need for more personal broking services. Money-hrokers may not disappear: they can explain trading options to clients in a way that screens cannot. But margins are under pressure, even in newer markets such as derivatives broking where products are rapidly becoming commodities.

In a diverse industry made up of relatively small, independent companies, there may be some victims. Even among the survivors more job losses are likely. Trio has cut staff from 900 a year ago to 500. The greater transparency of financial markets is not a reversible trend. The money-broking industry, which has always been highly competitive, is likely to shrink rapidly in order to adapt to new market conditions.

UK economy

Tbe government's much maligned 1996 growth forecast of 3 per cent is beginning to look almost achievable. Tbe latest pointers are a smaller than expected £1.3bn third quarter current account deficit and a substantial downward revision of the second quarter deficit, with a fall in savings and higher consumer spending.

But there are snags. Any increase in fourth quarter gross domestic product growth will make it harder to reach oext year's target, by raising the average on which 1996 growth is calculated. Furthermore, destocking means companies may find it difficult to increase production. Worse, the UK's export-led recovery could come under threat from the weakness of European markets, even though the weak pound is helping British companies remain competitive.

But tbe main pitfall is the still unpredictahle level of consumer confidence. The recent pick-up in retail sales and some signs of life in the depressed bousing market bode well for stronger consnmer spending, which is likely to he the main motor of economic growth. But these bounces are from a low hase, and may reflect low borrowing costs or seasonal distortions. Joh insecurity and low pay awards – which may be structural changes rather than cyclical trends – continue to overhang the economy. The danger is that the government could embark on over-enthusiastic easing of interest rates in an attempt to deliver its own growth forecast.

Additional Lex comment on Forte, Page 22

Joyeux Noël
Fröhliche Weihnachten
Feliz Navidad
Buon Natale
God Jul
Glaedelig Jul

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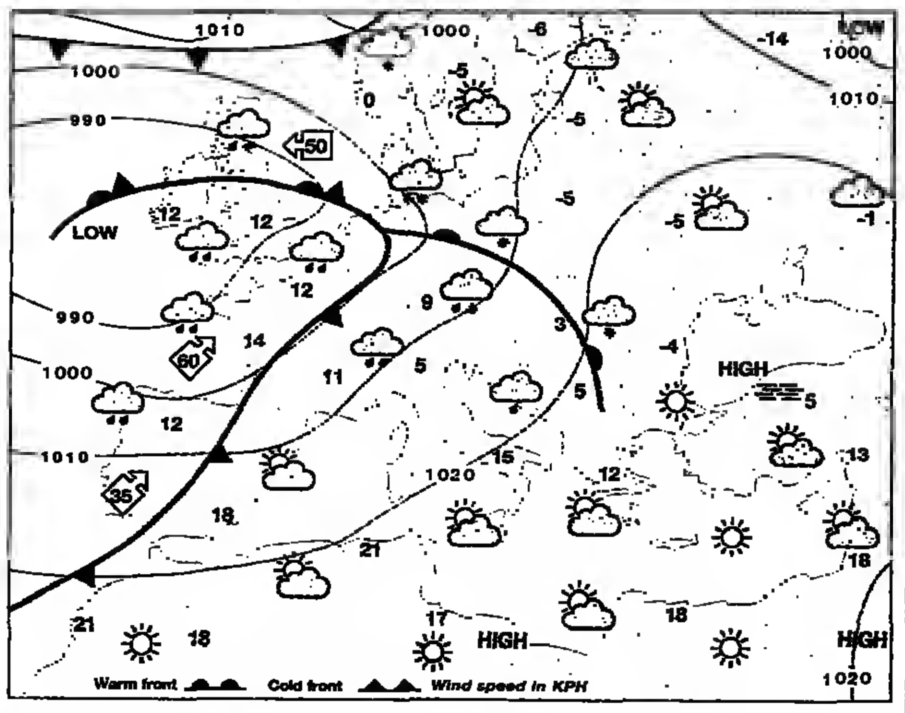
FT WEATHER GUIDE

Europe today

Low pressure over south-west Britain will bring heavy rain to large areas of Europe. England, Ireland, France and the Benelux will be cloudy and wet, and can expect afternoon temperatures several degrees above the seasonal average. The western Iberian peninsula will have heavy rain, but eastern Spain will be dry with sunny spells. The southern Alps and northern Italy will also have heavy rain, but areas north of the Alps will be dry with sunny spells. There will be rain and snow to the westof the Alps. North-east Europe will remain cloudy and dry.

Five-day forecast

In eastern Europe snow will turn to rain as temperatures rise. However, in western Europe cool air will move south, bringing wintry showers to the northern UK and Benelux. Low pressure will continue to approach from the west, and conditions will be changeable in the UK and the north-west of mainland Europe. Scandinavia will remain cold and wet, while heavy rain is expected in central Europe.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Celsius															
			Beijing	sun	3	Caracas	fair	31	Faro	rain	18	Madrid	rain	12	Rangoon	fair	32
			Belfast	rain	6	Cardiff	rain	11	Frankfurt	rain	11	Majorca	fair	19	Reykjavik	fair	-6
Abu Dhabi	fair	24	Belgrade	cloudy	4	Casablanca	fair	20	Geneva	rain	11	Malta	fair	17	Rio	fair	28
Accra	fair	30	Berlin	snow	-1	Chicago	fair	-3	Gibraltar	rain	17	Manchester	rain	9	Rome	fair	15
Algiers	fair	21	Bermuda	shower	18	Cologne	rain	12	Glasgow	rain	8	Manila	shower	30	S. Frsco	fair	14
Amsterdam	rain	9	Bogota	shower	18	Dakar	fair	28	Hamburg	snow	0	Melbourne	fair	20	Seoul	sun	5
Athens	fair	13	Bombay	sun	33	Dallas	sleet	2	Helsinki	cloudy	-4	Mexico City	fair	20	Singapore	shower	31
Atlanta	fair	9	Brussels	rain	13	Delhi	hazy	23	Hong Kong	fair	21	Miami	fair	22	Stockholm	fair	-8
B. Aires	fair	29	Budapest	snow	-1	Dubai	fair	24	Honolulu	fair	29	Milan	rain	4	Strasbourg	rain	13
B.ham	rain	11	C.hagen	snow	-3	Dublin	rain	9	Istanbul	sun	5	Montreal	snow	-2	Sydney	fair	22
Bangkok	fair	33	Cairo	sun	19	Dubrovnik	rain	12	Jakarta	rain	32	Moscow	cloudy	-9	Tangier	shower	18
Barcelona	fair	16	Cape Town	fair	26	Edinburgh	rain	6	Jersey	rain	14	Munich	rain	11	Tel Aviv	fair	20
									Karachi	fair	28	Nairobi	fair	26	Tokyo	sun	9
									Kuwait	fair	19	Naples	fair	15	Toronto	snow	-4
									L. Angeles	fair	19	Nassau	cloudy	25	Vancouver	cloudy	5
									Las Palmas	fair	23	New York	cloudy	4	Venice	rain	9
									Lima	fair	24	Nice	rain	14	Vienna	snow	3
									Lisbon	rain	17	Nicosia	fair	14	Warsaw	snow	-4
									London	rain	13	Oslo	fair	-4	Washington	fair	5
									Lux.bourg	rain	12	Paris	rain	13	Wellington	shower	19
									Lyon	rain	13	Perth	fair	26	Winnipeg	fair	-7
									Madeira	fair	21	Prague	snow	2	Zurich	rain	11

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FINANCIAL TIMES
COMPANIES & MARKETS
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MoDo
PULP, PAPER & PAPERBOARD

IN BRIEF

Chile group to sell big stake to Stet

Entel-Chile, the largest of eight companies in Chile's long distance telecommunications market, said it had signed a letter of intent to sell a large stake in the company to Stet International, the Italian group. Under the deal, Stet would buy between 17 and 20 a cent of Entel's capital at $14 per share. The size of the investment was not disclosed.

Telecoms groups quit Polish tender
Poland's efforts to attract foreign investors to develop its mobile telecommunications system suffered a blow when Veba Telecom and Telecom Finland announced they would not be bidding in a tender for two digital GSM operating licences. Page 18

Italy markets watchdog faces Ferfin appeal
Mr Enzo Berlanda, president of Consob, Italy's financial markets watchdog, faces a challenge tomorrow in one of Italy's highest courts. Mediobanca, the Milan merchant bank, has appealed against Consob's ruling that the bank must launch a public offer for more shares in Ferruzzi Finanziaria, the holding company. Page 18

Report suggests trade in EU fishing quotas

The problems of managing the European Union's Common Fisheries Policy could be alleviated by making fishing quotas tradeable and anctioning them to fishermen, according to a report by the European Policy Forum, a cross-party think tank. It came out as EU fisheries ministers met to battle over deep cuts in quotas for next year. Page 25

Cemex expands into Dominican Republic
Cemex, the world's fourth largest cement company, has resumed expansion into emerging markets despite the recession in Mexico, its home market, with the purchase of a controlling stake in the Dominican Republic's main cement group. Page 20

Granada claim within Takeover Panel rules
Granada, the UK TV and leisure group which has made a £3.2bn ($5bn) hostile bid for Forte, was found by the Takeover Panel to have acted within its rules in stating it could improve the hotel group's profits by £100m. Page 22

SB makes DM203m German buy
SmithKline Beecham, the UK's second biggest drugs company, demonstrated its commitment to consumer medicines by spending DM203m ($145m) on Abtei Pharma Vertreibs, Germany's biggest maker of grocery store medicines. Page 23

ADB helps found Asia's first bond insurer
The Asian Development Bank has teamed up with several Asian and US institutions to form the region's first bond insurer. Page 26

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
GEHE	713.5	+	18.5
Porsche	708	+	9
Falls			
Aachen Mch Rg	970	–	10
Agiv	740	–	9
Kaufhof	434.5	–	8.5
Zanders Fein	140.5	–	4.5
NEW YORK ($)			
Rises			
Broderbund	59¾	+	5¾
Objective Sys	50¼	+	5½
Teradyne inc	25⅝	+	2⅝
Falls			
Albemarle	16⅝	–	2¼
Avid Tech	17⅝	–	12¼
Modine Mfg	24⅛	–	4⅛
LONDON (Pence)			
Rises			
Br Biotech	1790	+	52
Mid Kent Hlds	430	+	77
Sthn Water	695	+	27
Vaux	275	+	18
Falls			
Burndene Inv	33	–	5
McDonnell Info	36½	–	24½
TORONTO (C$)			
Rises			
Biovail	96⅝	+	9⅝
Budd Canada	22	+	1½
Les Lab Acier	10½	+	1¼
Falls			
CSA Mngmnt A	11¼	–	¾
Coral Corp	20	–	1⅛
Golden Star	7	–	¾

PARIS (FFr)			
Rises			
Air Liquide	816	+	9
Vallourec	176	+	11.5
Falls			
BIC	472	–	8
Chargeurs	980	–	30
Cred Lyon	237	–	22.9
Essilor Intl	945	–	20
TOKYO (Yen)			
Rises			
Asahi Chem	795	+	29
Chuo T&B	930	+	44
Kanaka	680	+	48
Nippon Rd	890	+	32
Nissho Iwai	545	+	33
Falls			
Makino Milling	866	–	22
HONG KONG (HK$)			
Rises			
HK & S Hotels	11.1	+	0.35
Island Dyeing	6.0	+	0.5
Shaw Bros	8.35	+	0.3
Falls			
Daiwa Assoc	1.12	–	0.27
Ngai Hing Hng	4.0	–	0.65
SAS Dragon	1.58	–	1.24
BANGKOK (Baht)			
Rises			
Amarin Prntg	25.5	+	2.25
PCM Precast	111.0	+	10.0
Univentures	136.0	+	12.0
Falls			
Far East	147.0	–	10.0
Karat Sanitry	95.0	–	8.0
Rpt Ceramic	37.5	–	3.5

New York and Toronto prices at 12.30pm.

Quaker Oats sees loss after drinks fall flat

By Richard Tomkins in New York

Quaker Oats, the US porridge and pop company, yesterday warned that it would swing heavily into loss for its second fiscal quarter to December because of a dismal performance from Snapple, the trendy soft drinks company it bought for $1.7bn last year.

Snapple's sales were running about 10 per cent below last year's levels, it said. After a restructuring charge of $40m, mostly connected with efforts to improve Snapple's performance, it expected net losses of 35 to 45 cents a share, equivalent to about $50m-$60m after tax.

In the same period last year, the company made net profits of $34.4m, or 25 cents a share.

Analysts had been predicting modest profits of 5 cents a share in the latest quarter, so the forecast represented a severe shortfall. But the shares have been propped up by bid speculation and the price eased only $⅛ to $34⅞ in early trading yesterday.

The profits warning was the latest in a series of gloomy announcements from Quaker Oats about its financial performance. "They've just had nothing but bad news, quarter after quarter," said Mr William Leach, an analyst at Donaldson Lufkin & Jenrette, the Wall Street securities house.

Most of the company's problems have centred on the Snapple acquisition. Analysts say Quaker Oats paid far too much for the soft drinks company and then failed to integrate it. Two months ago, Mr Philip Marineau, president and chief operating officer, resigned in an apparent response to the troubled acquisition.

Yesterday, Quaker Oats said it expected Snapple to turn in operating losses of about $55m for the latest quarter and $75m for the full year. Of that, about $20m related to the cost of writing off surplus inventories and the expected cost of relaunching Snapple's products next year.

The rest of the operating losses related to "sales shortfalls", Quaker Oats said. Earlier this year, the company alienated Snapple's distributors with a plan to integrate the distribution of Snapple and Gatorade, its other line of soft drinks.

Quaker Oats also said it would take a pre-tax restructuring charge of $40m in the quarter to December, most of which related to the cost of eliminating surplus manufacturing capacity among its suppliers.

The company said it had inherited contracts that held Snapple to a certain amount of capacity whether or not it was needed.

● Coca-Cola, the US soft drinks company that last year launched the Fruitopia line to compete with Snapple, said it was "on target" for growth in earnings per share in the upper teens to 20 per cent range this year.

ING confirms Barings will miss profits targets

By George Graham and Ronald van de Krol in Amsterdam

Barings will fail this year to meet the profitability targets set for it by ING Group, the Dutch financial services company which bought the UK merchant bank in March after it collapsed.

Mr Aad Jacobs, ING's executive board chairman, said Barings' failure to produce the 11 per cent return on shareholders' equity that he expected from all businesses was largely because of weakness in emerging markets.

"You can hardly blame Barings for that," he said in an interview. ING bought Barings for £660m ($1.02bn) after the UK bank collapsed under the weight of large trading losses in the Singapore futures market.

Mr Jacobs also defended the continued role of Mr Andrew Tuckey, who was Barings' deputy chairman at the time of its collapse. Mr Tuckey is employed by ING on a one-year contract as an adviser, under which he is paid £100,000.

However, he indicated that the contract may not be renewed when it expires next summer. "That is a temporary situation … Mr Tuckey is still helping us to bring Barings to a better level than it came out after the collapse in Singapore."

Mr Jacobs said the only unpleasant surprise ING had unearthed after the takeover was the length of time it had been compelled to keep Barings' offices in Singapore and Tokyo shut. The closure had cost £5m a month and the offices are only now being reopened.

Barings' corporate finance activities had exceeded ING's expectations with a "fantastic year", and the bank's medium-term profit forecasts were good.

ING, which includes the Netherlands' largest insurer and its third largest bank, reported last month that group profits had risen 15 per cent in the first nine months to Fl1.88bn ($1.18bn) It said earnings per share for the full year would be "clearly" higher than in 1994.

Although Barings' own result was modestly positive, Mr Jacobs said the UK bank had contributed to group profits in ways that did not show up in the results, by bringing more deals to ING Bank.

High bonuses paid to several Barings executives have been criticised by investors who lost money on Barings' bonds when the bank collapsed 10 months ago. But Mr Jacobs said these bonuses were justified by the high profits generated for the group. "They make high bonuses, there is no question about that, but that is how the world turns in London. If I don't pay bonuses like that there is a good chance I will lose these people, and then I will lose profits for shareholders," he said.

Top job at Rolls-Royce filled by 'orderly succession'

By Michael Cassell, Business Correspondent

The search for a chief executive of Rolls-Royce, the UK aero-engines and industrial power group, ended yesterday with tha appointment of Mr John Rose, managing director of the company's aerospace activities.

In what Rolls-Royce called an "orderly succession", Mr Rose, 42, will take over at the end of April from Sir Terence Harrison, who will then retire as chief executive.

Mr Rose is the youngest of the three most widely-tipped internal contenders for the job and has been with Rolls-Royce since 1984. The other candidates were thought to be Mr Richard Maudsley, 48, managing director of the industrial power group, and Mr Richard Turner, 52, marketing director.

Mr Rose's appointment comes

John Rose: youngest contender

at the end of what the company refers to as a "landmark" year, in which it paid £320m ($493m) for Allison Engine, the US military engine supplier. It also beat off competition to win its biggest-ever sale, involving the supply of engines for most of an order for 77 Boeing 777 aircraft from Singapore Airlines.

But the City was recently disappointed with an improvement in pre-tax profits of £70m for the six months up until June 1995 – partially achieved through proceeds from disposals – compared with £40m in the same period a year earlier.

Mr Rose will take over as prospects for sales improve on the back of rising airline profitability but when competition for orders will become more intense. First reaction in the City was positive. Rolls-Royce shares rose 9p to 185p.

Mr Rose was appointed a director in 1992. From 1989 until 1994 ha was director, corporate development and was then made deputy managing director, aerospace group, last year.

From 1993, until appointed deputy managing director, he was responsible for Rolls-Royce activities in North America. Before joining Rolls-Royce he had a career in banking with the First National Bank of Chicago and Security Pacific. Mr Rose will be succeeded by Mr Colin Green, vice-president, business operations, of Allison Engine. Lord Moore of Lower Marsh becomes non-executive deputy chairman on January 1. Sir Ralph Robins continues as executive chairman of the company.

Allianz sees rise in spite of slow premiums growth

By Andrew Fisher in Frankfurt

Allianz, Europa's largest insurance group, said profits should increase this year despite sluggish growth in premium income, which only rose because of acquisitions outside Germany.

Domestic business had been subdued in the first nine months, partly reflecting the effect on consumer spending of high taxes and slow economic growth. Intense competition was also holding back growth in Europe.

However, the Munich-based company said overall results improved in nearly all important markets. Premium income was 5.1 per cent higher at DM52.2m ($36.2m), although the increase would have been 8.2 per cent but for the effect on foreign income of the strong D-Mark.

The total includes revenues of about DM4bn from the consolidation for the first time of Elvia Group (Switzerland), Lloyd Adriatico (Italy) – bought from Swiss Reinsurance – NVS Salland (Netherlands) and Allianz Mexico. Without these, premium income would have been flat or slightly lower.

Allianz said its results in the first nine months benefited from profit-oriented risk selection, cost management, better claims experience in many markets and an absence of natural catastrophes.

In the US, premiums rose 11 per cent in property and casualty insurance, well above the market average. This was partly because of the decision by Fireman's Fund, Allianz's subsidiary, to increase its environmental damage reserves by $800m. This improved Fireman's financial standing and its commercial and industrial business. However, it meant Fireman's Fund would show a deficit instead of a further profits rise. The group's US life subsidiary, Allianz Lifa Insurance Company of North America, suffered from adversa capital market trends which made single-premium variable annuities less attractive. Its revenue fell 41 per cent to DM2.5bn.

German property and casualty insurance income was only 2 per cent higher as a result of a slowdown in new business. New life assuranca business declined, while the rise in health insurance policies resulted from the introduction of compulsory nursing care insurance.

Allianz said its underwriting result was considerably higher on the basis of traditional accounting. But new accounting rules would lead to a fall in this year's result as pension costs and equipment depreciation now had to be allocated to the underwriting account.

In 1994, pre-tax profits rose 12 per cent to DM2.2bn.

Lex, Page 16

It's not just a name at stake for advertising groups

Two agencies, one Saatchi spirit

Advertising agency people like to party, but this year at Saatchi & Saatchi there is an additional reason why New Year's Eve will be ringed on the calender in its offices around the world.

As part of an out of court settlement reached in May, Mr Maurice Saatchi, the ousted chairman of the Saatchi & Saatchi holding company, now renamed Cordiant, agreed not to poach clients or staff for his new breakaway agency until December 31.

The question now is, once the legal gloves are removed, how much more damage can be inflicted on the company that dumped Mr Saatchi in one of the most reported and bloody boardroom battles of last year.

On Mr Saatchi's desk at M&C Saatchi, the breakaway agency he established this year, there will be a file awaiting attention in the New Year which contains the names of prospective clients and employees.

But both sides expect no big bang or resumption of legal hostilities. Says Mr Saatchi: "The playing field has been unlevel. On January 1 it will be level. There can then be open and fair competition." He does not appear to be bothered any more about the issue of regaining the rights to the Saatchi name – a previous bone of contention. "We're delighted if they continue to use our name. It's free advertising in 50 countries," he says.

Mr Adam Crozier, joint chief executive of Saatchi & Saatchi in London, denies the agencies will be competing in the same league, since his agency is established worldwide and Mr Saatchi is a chiefly London-based start-np. M&C Saatchi's attention will not be on Saatchi & Saatchi, he says: "They need to prove they can win 'normal' business. I'd be very surprised if that's not where their focus is."

Maurice Saatchi

All the Saatchis: M&C Saatchi ad (top), Saatchi & Saatchi (below)

Even the loss of a handful of accounts would be bad for morale, as well as adding to a difficult financial picture. The consequences of the bust-up have been considerable, costing Saatchi & Saatchi, Cordiant and its shareholders at least a year's progress in the long, slow haul back from near-collapse of the holding company five years ago.

Before the legal agreement came into effect, Mr Saatchi's new agency, M&C Saatchi, scooped from his old company's list: British Airways, Dixons, Mirror Group, Gallaher, Qantas and Pfizer. In addition, the large Mars account was lost by Cordiant's other advertising network, Bates, but not to Mr Saatchi, and there have been a few smaller losses to other agencies.

A week ago it was announced that the Conservative Party would no longer be working with Saatchi & Saatchi – it is likely to be only a matter of time before Mr Saatchi is once again masterminding the Tories' election advertising.

The most recent calculations by analysts at Panmure Gordon suggest the clients that left Cordiant had generated £46.5m ($72m) of annual revenue, equivalent to 6 per cent of the group's total revenue in 1994. Against this are about £29m-worth of gains.

Vital to holding on to business is keeping staff on board. Clients tend to be most interested in sticking with the people they have worked with successfully, rather than automatically remaining loyal to an agency. If Mr Saatchi can attract the people, then the work is likely to follow. Almost all of Mr Saatchi's 200 staff are ex-Saatchi & Saatchi, with the London office having suffered the heaviest losses.

As for Mr Saatchi's ultimate designs, he denies that his aim is to rebuild his empire. He says of M&C Saatchi: "We have no linear ambitions in the sense of moving from A to B. We would like to do the best work for the best clients and, ultimately, to be the most sought-after advertising agency in the world. That is within our grasp."

Dismissing the inevitable speculation that he might want to reverse his new agency into a quoted company, he adds: "This is an equal partnership of five people. It's very pleasant – we've worked together for more than 20 years. We have no appetite for retreading the same path."

Both Saatchi & Saatchi and M&C Saatchi believe they each are now the principal, if not sole guardians of the Saatchi magic. Campaign, the ad industry's weekly bible in the UK, was probably nearer the mark when it recently observed: "The Saatchi spirit now clearly resides in two major agencies. If it can be deployed on behalf of their respective clients, and not against each other, 1996 may be a vintage year for advertising."

Diane Summers

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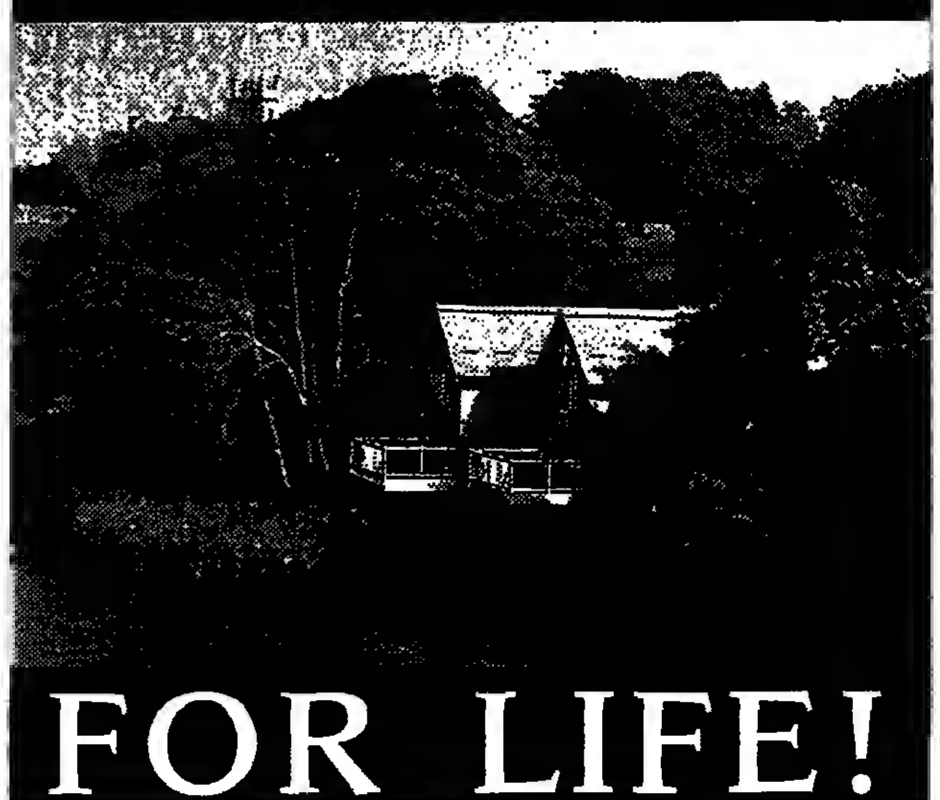

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EUROPEAN NEWS DIGEST

Fiat stake helps Ifi to L373bn profit

Ifi, the Agnelli family holding company, made a pre-tax consolidated profit of L373bn ($234m) in the six months to June 30, partly because of increased contributions from its direct and indirect stake in Fiat. Ifi is changing its accounting year-end from March 30 to December 31 this year. No comparative figures were given. As at June 30, the consolidated value of the group's holdings, on a net equity basis, stood at L4,716bn, a L293bn increase since December 31. The parent company's holdings were valued at L2,660bn at September 30. At current market prices, Ifi said there was a potential capital gain of L3,000bn on the parent company's portfolio.

Andrew Hill, Milan

SAP in telecoms software deal

SAP, the fast-growing German business software company, will form a joint venture with Deutsche Telekom to develop telecommunications software. It aims to produce its first software for the sector in 1998. Deutsche Telekom will buy a 50 per cent stake in SAP Solutions, a small SAP subsidiary which specialises in software applications. Development work will be based on SAP's successful R/3 business software.

Andrew Fisher, Frankfurt

Hoechst sells ceramics unit

Metallgesellschaft, the once nearly bankrupt German company now back in profit, yesterday said it had agreed to buy Hoechst Ceram Tec, an industrial ceramics company, from the Hoechst chemicals group. The deal marks a continuation of Metallgesellschaft's restructuring which followed its near collapse through heavy US oil trading losses two years ago. The group also said this week it had sold its Berzelius primary lead smelter in Germany and stakes in five secondary lead smelters in Europe and the Middle East to Quexco of the US.

Andrew Fisher

AT&T acquires Philips units

Philips, the Dutch electronics group, has sold parts of its loss-making communications business to AT&T of the US, in a deal to be completed early 1996. This follows Philips' preliminary announcement in late July that AT&T wanted to buy four sectors of its public telephony business – cellular infrastructure systems, managed transport networks, microwave transmission and transmission.

Ronald van de Krol, Amsterdam

Aegon lifts UK insurer's capital

Aegon, the Dutch insurance group, is injecting a further £325m ($500m) capital into Scottish Equitable, its UK life assurance subsidiary, allowing it to gain access to all the company's operating profits over the next three years. The move is in line with the initial agreement when Scottish Equitable, formerly a mutual life office, was taken over by Aegon at the start of 1994. The structure of that deal provided for a gradual shift of operating profits from the "with-profits policyholders", individual investors who owned the life office when it was a mutual, to the company's new owners.

Alison Smith, Investment Correspondent

■ Electrolux of Sweden is to sell its Constructor materials handling division – with annual turnover of SKr1.5bn ($325m) – to the US-Norwegian company Resource Group International. Terms were not given.

Hugh Carnegy, Stockholm

Setback for Polish telecoms venture

By Christopher Bobinski in Warsaw

Poland's efforts to attract foreign investors to develop its mobile telecommunications system suffered a blow yesterday, when Veba Telecom and Telecom Finland announced they would not bid in a forthcoming tender for two digital GSM operating licences.

The two companies, which had been part of a consortium headed by Optimus, a listed local computer company, cited the high licence fee as the reason for the decision.

"The expected financial return is not snfficient to support the level of investment and risk in the project," said Dr Michael Paetsch of Vebacom.

The other foreign partners in the consortium, Kinnevik of Sweden and Millicom Cellular of Luxembourg, have also withdrawn. This leaves Optimus and its local partners, which incinde the Polish Development Bank, to seek foreign snpport elsewhere.

The initial licence fee for the project is set at Ecu100m ($78.54m) with bidders being asked to make additional annual payments in the initial stages of the scheme. The total investment cost for each licence is estimated at about $1.2bn. Foreign partners are allowed no more than a 49 per cent stake in a consortium.

The decisions leave several other groups preparing bids which have to be made by January 3.

Air Touch and TeleDanmark have teamed np with a number of local groups such as the Plock refinery and PSE, the state-owned power grid.

Deutsche Telekom Mobile has linked with Elektrim, a listed trading and industrial group. US West has been in discussions with the two companies and is considering whether to join them.

Ciech, a state owned chemicals and pharmacenticals trader, is planning to bid for a licence backed by Stet of Italy, while a fourth consortium is being put together by RP Telekom, a local privately-owned telecoms operator.

Consob turns to courts for interpretation

Financial markets watchdog wants Italy's takeover laws clarified, writes Andrew Hill

For a man who spends much of his time mapping his way across the shifting sands of Italian takeover legislation, Mr Enzo Berlanda, president of Consob, Italy'a financial markets watchdog and takeover authority, is remarkably calm.

Mr Berlanda, a 68-year-old accountant and former Italian senator, is at the centre of the controversy surrounding the destiny of Ferruzzi Finanziaria (Ferfin), the holding company which controls two other quoted companies, the Montedison industrial group and Fondiaria, the insurer.

Today the State Council, one of Italy's highest courts, should examine an appeal by Mediobanca, the Milan merchant bank, against Consob's ruling that the bank must launch a public offer for more shares in Ferfin.

Mediobanca says it built up a 9.95 per cent stake in October as a defensive move. Consob – which won the first round in a Rome regional court last week – believes Mediobanca wanted to consolidate an industrial investment. That should end Ferfin'a special treatment by Consob, which dates from 1993 when Mediobanca and creditor banks agreed a plan to rescue Ferfin from near-bankruptcy. As Mr Berlanda put it in an interview this week: "Mediobanca's acquisition of these shares is the signal that we have moved away from the rescue plan."

For outsiders, this row over interpretation of Italy's 1992 takeover law seems esoteric and foreign institutional investors are standing on the sidelines while tha debate rattles on.

Enzo Berlanda: sees positive impact overall from Italy's takeover laws *Reuter*

But although he is reluctant to talk about the issue in detail ahead of the State Council hearing, Mr Berlanda believes it is an important test case for Consob and the markets.

He says the ontcome is important, partly because Consob wants to clear up the short-term uncertainty over whether Mediobanca will launch a public offer and for how many shares. Confusion is casting a shadow over Ferfin's attempt to raise L953bn ($598m) through a rights issue. The result could also act as a useful precedent. There has only been one previous challenge to Consob ruling on takeovers, in which the State Council backed the authority.

Mr Berlanda is too diplomatic to add that the Consob ruling is also of interest because it marks a challenge to Mediobanca, the house bank of Italy's business establishment, which still exercises a disproportionate influence over the borsa. Indeed, those siding with the takeover authority lika to describe tha casa as Mediobanca versus the markets, rather than Mediobanca versus Consob.

Using court precedents to tidy up Italy's messy takeover laws is only ona way of tightening markat regulation, however. Mr Berlanda has also tabled amendments to the law. If adopted by parliament, these would set a common shareholding threshold above which investors would have to launch bids, ending the current confused situation in which tha level of "control" is different for each company.

Another amendment would clamp down on investors acting together in concert parties. In Italy, concert party acquisition of shares is outlawed in privatisations (partly to prevent Mediobanca and its allies building up undue influence), but not in other quoted companies. "In other countries concert party action is either allowed or it'a not, but if it'a allowed, it's allowed for everyone," he says.

Challenging concert parties would also involve clarifying the situation at those companies which are controlled by a shareholder pact or syndicate. Mr Berlanda concedes such agreements can provide stability for quoted groups but adds: "We need to set criteria to judge whether a coalition [of investors] is in a concert party or is simply a shareholder pact."

He estimates ahareholder syndicates control 15 of the largest gronps on the stock market, while 30 per cent of the borsa's market capitalisation is accounted for by "Chinese boxes" – holding companies which have as their main asset another quoted company. Mr Berlanda can really only wait for this phenomenon, which includes some of Italy's best-known corporate names such as the De Benedetti family, to die out. Consob has already said it will not admit new Chinese boxes to the listing, but Mr Berlanda says he cannot prevent them raising money through rights issues, as some centre-left politicians have suggested, because that would unjustly penalise existing shareholders.

Mr Berlanda may acknowledge that Italy's takeover rules are unsatisfactory, but he believes the overall impact has been positive. Since 1992 more than 50 takeovers have been triggered, which at least means minority shareholders are no longer unrewarded when control changes hands. "I'm cross about how the law turned out, because it could have been better, but it has not had a negative effect," he says.

Reform would improve the situation, according to tha Consob president, and might give more discretion to Consob to exercise its powers within fixed general guidelines. But Mr Berlanda believes Italians are not yet ready to adopt a UK-style takeover code based on commonly accepted principles.

As the Mediobanca-Ferfin casa suggests, Italians are quick to defend themselves with tha letter of tha law, when disputes arise, however unclear the law itself may be.

El Corte Inglés relaunches Galerias Preciados

By Tom Burns in Madrid

El Corte Inglés, the Spanish department store chain which acquired its chief rival, the troubled Galerias Preciados chain, in a Pta30bn ($244m) acquisition six months ago, is set to cash in on the Pta50bn it has spent revamping its former competitor.

Spain's biggest privately-owned business group, with a consolidated turnover for the 1994-1995 financial year of Pta1,015bn and net profits of Pta33.5bn, has relaunched 23 Galerias stores under its own logo and added them to its 32 big outlets in time for the Christmas spending spree.

El Corte Inglés has built strong customer loyalty by selling products for all sections of society. With the acquisition it has spread its geographical reach to a further 13 mid-sized towns.

The real retail interest of the Galerias purchase is that it has allowed El Corte Inglès to experiment with specialised atores in big cities anch as Madrid, Barcelona, Valencia and Seville, where the chains formerly competed.

"Specialisation is the trend of the retail industry and we are going to try it out where possible. In March we will take stock and decide whether to pursne it," said Ms Rosa Alvarez, tha group's communications director.

The experiment brings El Corte Inglés into the market segmentation territory, developed by US retailers such as Toys R Us, that are known in the industry as "category killers". One five-storey former Galerias store in central Madrid that stands close to a similarly big Corte Inglés building has been filled with toys for the Christmas market.

The gronp's strategists believe that once the Christmaa rush is over, this new store could be reconverted into a competitor to the French Fnac gronp, which has recently opened in Madrid, offering records, videos and books to tha youth market.

Analysts believe El Cortes Inglés will be able to absorb Galerias with ease.

The chief problem at Galerias, which ran up losses of Pta39bn over the past six years, was that it had had six different owners since the mid-1970s. "Management at Galerias was so disoriented it had forgotten how to sell," said Mr Más of Madrid securities house FG. "That has never been a problem at El Corte Inglés."

US loses urge to shop, Page 20

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G.A. Wilkinson
London Secretary

21 December 1995

London Office: 19 Charterhouse Street, London EC1N 6QP

U.S. $200,000,000
B.B.L. International N.V.
Floating Rate Notes Due 2001
Guaranteed on a Subordinated Basis as to payment of principal and interest by
BBL
Banque Bruxelles Lambert S.A./ Bank Brussel Lambert N.V.

Interest Rate	5.6125% per annum
Interest Period	22nd December 1995 24th June 1996
Interest Amount due 24th June 1996 per U.S. $ 10,000 Note	U.S. $288.42
per U.S. $250,000 Note	U.S. $7,210.50

CS FIRST BOSTON Agent

INTERCAPITAL

On 7th December 1995, Intercapital donated all revenue and commission earned by its London, New York, Hong Kong, Singapore and Australia offices, without any deduction to the following charities:-

Co-operation Ireland
Inland Revenue Reg. No. For Charitable Purposes XN68671

CANCER RELIEF Macmillan FUND
Fighting cancer with more than medicine
Registered Charity Number 261017

FIFTY CARE YEARS

MEDECINS SANS FRONTIERES
English Charity Registration Number No: 1026588

C·M·R·I CHILDREN'S MEDICAL RESEARCH INSTITUTE
Incorporated as The Childrens Medical Research Foundation. ACN 002684 737

TED NOFFS FOUNDATION

The amount raised was

£477,212

We would like to thank all our staff and the following clients for their outstanding support, as well as those publications which have donated space.

Abbey National Financial Products
ABN AMRO Bank NV
ABN AMRO Securities (UK) Ltd
Advance Bank Australia
AIB Bank Plc (Group Treasury)
AIG Trading Corporation USA
Alpha Credit Bank
ASLK - CGER
Australia & New Zealand Banking Group Ltd
Baden Wurttembergische Bank AG
Bain Capital Markets Ltd
Banca Commerciale Italiana
Banca Nazionale Dell' Agricoltura
Banco Santander
Bank Austria
Bank Brussels Lambert NV
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Bank of Nova Scotia
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Bankers Trust Australia Ltd
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Banque Indosuez Belgique SA
Banque Indosuez Commodity Derivatives
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Barclays Bank Plc
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BNP Capital Markets Ltd
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BP Oil International Ltd
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BZW Securities Ltd
Caisse des Depots et Consignations
Caisse Nationale de Credit Agricole
Canadian Imperial Bank of Commerce
Cargill International SA
Cassa di Risparmio di Bologna SPA
Chase Manhattan Bank NA
Chemical Australia Ltd
Chemical Bank
Chemical Investment Bank Ltd
Christiana Bank
Chuo Trust & Banking Co. Ltd
Citibank Australia Ltd
Citibank NA
CLRD (A Division of Crédit Lyonnais SA)
Commerz Financial Products
Commonwealth Bank of Australia
Compagnie Financière de CIC et de L'union Européenne
Compagnie Parisienne de Reescompte Intermediation
Conoco International Inc
County Natwest Australia Ltd
Crédit Agricole Alternative Commodities
Crédit Commercial de France
Crédit Communal de Belgique SA
Crédit Industriel et Commercial de Paris
Crédit Lyonnais Belgium SA
Crédit Lyonnais SA
Crédit Suisse
Crédit Suisse (Luxembourg) SA
Crédit Suisse Financial Products
Credito Italiano SPA
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CS First Boston Australia Discount Ltd
CS First Boston Ltd
Daiwa Europe Ltd
Den Danske Bank A/S
Deutsche Bank AG
DG Bank
DKB Financial Products Inc
Elf Trading (Geneva) SA
Fin - Eco SIM
Financial Times
First National Bank of Chicago
Fuji Capital Markets Corporation
General Re Financial Products Corporation
General Re Financial Securities Ltd
Glencore International AG
Goldman Sachs Capital Markets LP
Goldman Sachs Euro Funding
Hambros Bank Ltd
Hambros Securities Australia Ltd
Hill Samuel Bank Ltd
Hong Kong & Shanghai Banking Corporation
HSBC MIDLAND
Hypo Bank
IMI Bank (Lux) SA
IMI Sigeco
Industrial Bank of Japan
ING Bank
International Insider
Istituto Bancario San Paolo di Torino SPA
J Aron & Company (USA)
J Henry Schroder & Co. Ltd
Kleinwort Benson Ltd
Kredietbank NV
Landesbank Hessen Thueringen Girozentrale
Lehman Brothers International
Lehman Brothers Special Financing Inc
London Global Securities
Louis Dreyfus Finance (Banque) SA
Mabanaft International Ltd
Merrill Lynch (Asia Pacific) Ltd
Merrill Lynch Capital Services Inc
Merrill Lynch International (Australia) Ltd
Merrill Lynch International Ltd
MFS Communications Ltd
Midland Bank Plc
Mitsubishi Finance International Plc
Mitsubishi Trust International Ltd
Morgan Guaranty Trust Co. of New York
Morgan Stanley & Co. International Ltd
Morgan Stanley Capital Group Inc
Morgan Stanley Capital Services Inc
Morgan Stanley International
National Australia Bank
National Bank of Greece
National Westminster Bank Plc
Nationsbank Carolinas
Nations - CRT International
Natwest Capital Markets (Australia) Ltd
Natwest Markets Ltd
Nikko Europe Plc
Nikko Securities Co. Ltd
Nomura Capital Services Inc
Nomura International Plc
Paine Webber International (UK) Ltd
Paribas Ltd
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Rothschild Australia Discount Ltd
Royal Bank of Canada
Royal Bank of Scotland Plc
Salomon Brothers Holding Co. Inc
Salomon Brothers International Ltd
Salomon Swapco Inc
Sanwa Financial Products
Sanwa International Plc
SBC Warburg
SBC Warburg Australia Ltd
SBCM Derivative Products Ltd
Shell UK Ltd
Skandinaviska Enskilda Banken
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Sumitomo Bank Capital Markets
Sumitomo Bank Ltd
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The Dai - Ichi Kangyo Bank Ltd
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The Norinchukin Bank Plc
The Sakura Bank Ltd
The Sanwa Bank Ltd
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United Bank of Kuwait
Westdeutsche Landesbank Girozentrale
Westdeutsche Genossenschafts - Zentralbank AG
Westpac Banking Corporation
Yamaichi International (Europe) Ltd
Yamaichi Securities Co. Ltd

And many others who wish to remain anonymous.

Approved by Intercapital Brokers Limited. Regulated by SFA

KCRC — **HONG KONG**

Kowloon-Canton Railway Corporation

QUALIFICATION OF TENDERERS
WESTERN CORRIDOR RAILWAY PROJECT

The Kowloon-Canton Railway Corporation ("KCRC") intends to commence preliminary engineering for the Western Corridor Railway Project ("WCR").

The WCR Project is a 52 km double-track electrified railway system for passenger and freight services, comprising 11 stations, a maintenance depot and container freight facilities.

KCRC proposes to appoint qualified consultants to perform preliminary engineering for the Project in the following areas:

- Civil/Structural to include Architecture
- Town Planning and Traffic Impact Analysis for Property Development
- Tunnel Ventilation/Aerodynamics
- Safety/Reliability
- Light Rail Transit System Interfaces

A more detailed description of the preceding work activities will be included in Pre-qualification Questionnaire.

Requests for the Pre-qualification Questionnaire should be made on company letterhead by facsimile to the Kowloon-Canton Railway Corporation at (852) 2601-2671 no later than 6th January 1996. A Pre-qualification Questionnaire will be returned by courier.

KCRC will, at its sole discretion, evaluate responses to the Pre-qualification Questionnaire. Those organisations which KCRC determines to be suitably qualified will be invited to tender.

No communications in response to this advertisement will be accepted by KCRC except by facsimile at the above noted facsimile number.

IN THE HIGH COURT OF JUSTICE (ENGLAND) — No. 004232 of 1995
CHANCERY DIVISION
COMPANIES COURT
IN THE MATTER OF

CENTAUR INTERNATIONAL INSURANCE COMPANY LIMITED
(a Bermudian registered company)
and
THE CONCORD REINSURANCE COMPANY LIMITED
(a Bermudian registered company)
and
MARBARCH INSURANCE COMPANY LIMITED
(a Bermudian registered company)
and
SHASTA REINSURANCE COMPANY LIMITED
(a Bermudian registered company)

AND

IN THE MATTER OF THE COMPANIES ACT 1985 OF GREAT BRITAIN

IN THE SUPREME COURT OF BERMUDA — No. 259 of 1995
CIVIL JURISDICTION
IN THE MATTER OF

CENTAUR INTERNATIONAL INSURANCE COMPANY LIMITED
and
THE CONCORD REINSURANCE COMPANY LIMITED
and
MARBARCH INSURANCE COMPANY LIMITED
and
SHASTA REINSURANCE COMPANY LIMITED

AND

IN THE MATTER OF THE COMPANIES ACT 1981 OF BERMUDA

NOTICE IS HEREBY GIVEN that on 8 November, 1995 the Closing Scheme of Arrangement between the above-named companies and their respective Closing Scheme Creditors (as defined in the Closing Scheme of Arrangement) was approved by the Closing Scheme Creditors.

Further notice is hereby given that by orders dated 5 December, 1995 and 6 December, 1995 made in the above matters, the Supreme Court of Bermuda and the High Court of Justice in England sanctioned the Closing Scheme Arrangement.

On 8 December, 1995 the order made in the High Court of Justice in England sanctioning the Closing Scheme of Arrangement was delivered to the Registrar of Companies for registration in England and on 7 December, 1995 the order made in the Supreme Court of Bermuda sanctioning the Closing Scheme of Arrangement was delivered to the Registrar of Companies for registration in Bermuda.

The Effective Date of the Closing Scheme of Arrangement (as defined in the Closing Scheme of Arrangement) is 8 December, 1995.

In accordance with the terms of the Closing Scheme of Arrangement, Worthington Limited has provided a Claims Form to each Closing Scheme Creditor. Additional Claims Forms are available on written request from Ian Broderick of Trinity Square Services Limited, Pullman Place, Great Western Road, Gloucester GL1 3NB. **Closing Scheme Creditors who wish to have their own estimate of their claims considered for a final dividend are required to submit their Claims Form before 7 March, 1996.**

Dated 29 December, 1995

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

Solicitors to Worthington Limited

TAKARA STANDARD CO., LTD.
Notice of an adjourned Meeting
of the holders of the outstanding ¥10,000,000,000
1 5/8 per cent. Convertible Bonds due 1998

EXTRAORDINARY RESOLUTION

AVAILABILITY OF DOCUMENTS

VOTING AND QUORUM

Trustee

Paying Agents

22nd December, 1995 — Takara Standard Co., Ltd

INTERNATIONAL COMPANIES AND FINANCE

Cemex expands with Dominican buy

By Daniel Dombey in Mexico City

Cemex of Mexico, the world's fourth-largest cement company, this week resumed its expansion into emerging economies with the purchase of a controlling stake in the Dominican Republic's main cement producer. The move comes in spite of the difficult recession in Mexico, its home market.

However, yesterday's decision to abandon a $108m bid for a controlling stake in the fifth-largest cement group in the high growth market of Colombia represents a setback for the company.

Under the terms of the Dominican purchase, Cemex did not declare how much it paid for its share in its new acquisition, Cementos Nacionales.

However, the price paid for the stake was believed to be less than the $150m previously mentioned by Cemex officials as a possible price for the whole company.

"It's positive that Cemex is increasing its presence in growth countries," said Ms Sobani Warner, an analyst at Bear Stearns in New York.

Previous acquisitions in Spain and the US mean that many of Cemex's assets are now in industrialised economies, though it also has a strong presence in Latin American countries such as Venezuela and Panama.

"This purchase will help us consolidate our operations in the Caribbean," the company said.

But Cemex's hopes of expanding its presence elsewhere in Latin America took a step backwards with its announcement yesterday that it would not be continuing its bid for 80 per cent of Cementos Paz del Rio, Colombia's fifth-largest cement group.

Colombian authorities had not authorised the sale of 42 per cent of Cementos Paz del Rio's shares held in a trust as collateral for bank loans. However, Cemex's refusal to continue its bid may not spell the end of its interest in Colombia.

"They have walked away from deals before with the intention of playing hardball," said one analyst.

The company signalled it would be looking at other possibilities of entering the Colombian market.

Caterpillar buys UK's Brown Group

By Michael Cassell, Business Correspondent

Caterpillar of the US, the world's largest manufacturer of construction and mining equipment, is to purchase Brown Group Holdings, the privately-owned construction machinery business founded by Mr David J. Brown, the Yorkshire industrialist.

The group employs about 1,100 at two UK plants and the deal will add significantly to Caterpillar's UK manufacturing capacity. Earlier this year, the US company acquired the Wolverhampton factory of Dana Spicer, which makes transmission units for off-road vehicles. Caterpillar also has a unit at Desford, near Leicester.

Terms of the acquisition are not being disclosed. The deal, to be concluded in January, marks the culmination of a long relationship between Caterpillar and Mr Brown.

Mr David P. Brown, BGH chairman and son of the founder, said the sale was "a natural development and a great opportunity". Mr Brown, co-shareholder with his father, said Caterpillar was best placed to develop the business and exploit opportunities for new products and markets.

In the year ended March 1994, BGH turnover reached £71m ($109.4m) but it recorded pre-tax losses of £1.1m. The group also owns Artix, which manufactures under licence all-wheel drive articulated dump trucks exclusively for Caterpillar.

Westinghouse to sell Knoll furniture arm

By Tony Jackson in New York

Westinghouse, the US conglomerate, is to sell its Knoll furniture business to Warburg Pincus, the New York investment group, for $565m.

The sale was foreshadowed earlier this month, when Westinghouse said it would be raising about $3.2bn from the sale of its defence division and one other unnamed business.

The defence and Knoll sales will complete the divestments to help pay for Westinghouse's $5.4bn purchase of the TV network CBS. The Knoll sale puts an implied value on the defence division of $2.6bn. Westinghouse is still in talks with various other defence companies on the deal.

Westinghouse said Knoll had made operating profits of $37m on sales of $466m in the first nine months of the year, compared with a loss of $26m on sales of $411m in the same period the year before.

Knoll's top management is to stay with the company, and some managers are to become shareholders.

Retailers suffer as US loses the urge to shop

Despite a better economic climate, consumer demand remains weak, reports Richard Tomkins

Recession is a distant memory in the US. The stock market has surged this year, unemployment is down and disposable income is up. Yet something is seriously amiss in this era of apparent prosperity. The nation has lost its urge to shop.

The US retailing sector is enveloped in gloom, and Christmas is doing little to lift its spirits. The tills are ringing, but not very loudly: and even then, only because retailers have slashed prices in their desperation to lure customers into the stores. Analysts say this year's fourth quarter is shaping up to be the worst in recent memory.

"It's been another miserable year," says Mr Robert Buchanan, an analyst at NatWest Securities in New York. "I have been following the industry for 13 years, and it's almost like it just gets worse year after year. People are just less inclined to buy."

One symptom of the lack of demand is incessant price-cutting. Each day, US newspapers carry page after page of advertisements by retailers announcing almost unbelievably big discounts. Earlier this month, Bloomingdale's, part of the Federated Department Stores group, was offering price cuts of up to 50 per cent on goods ranging from frying pans to cashmere overcoats.

Price competition is particularly acute in the discount store sector. Here, Wal-Mart Stores, the biggest retailer in the US, has trounced its rivals by offering people goods they want at prices they cannot resist. Kmart, the second-biggest US retailer, has been brought to its knees, reporting net losses of $118m last quarter: and several other big discount chains, including Bradlees and Caldor, have been driven into bankruptcy.

So tough is the US retail environment that not even the mighty Wal-Mart, arguably the world's most successful retailer, can stand aloof. *Moody's Investors Service*, a leading US credit rating agency, said recently it was reviewing the company's $8.9bn worth of debt for a possible downgrade, citing the changing character of the US retail market and Wal-Mart's financial outlook.

"The difficult competitive environment and weak consumer demand are constraining sales growth and margins for all retailers," Moody's said.

In part, the retailing gloom can be explained by economic factors. Although the US economy is long out of recession, it *is growing only slowly*. Starting in February last year, the Federal Reserve pushed up interest rates from 3 per cent to 6 per cent (although rates were trimmed earlier this week) to choke off inflation, making it more expensive for consumers to borrow. And employment is growing only slowly.

But most industry observers agree that more deep-seated influences are at work. As the 1980s were characterised by consumerism and excess, so the 1990s have become characterised by conservatism and thrift. People no longer want to shop till they drop: they have become less acquisitive, and when they do go shopping, they demand value for money.

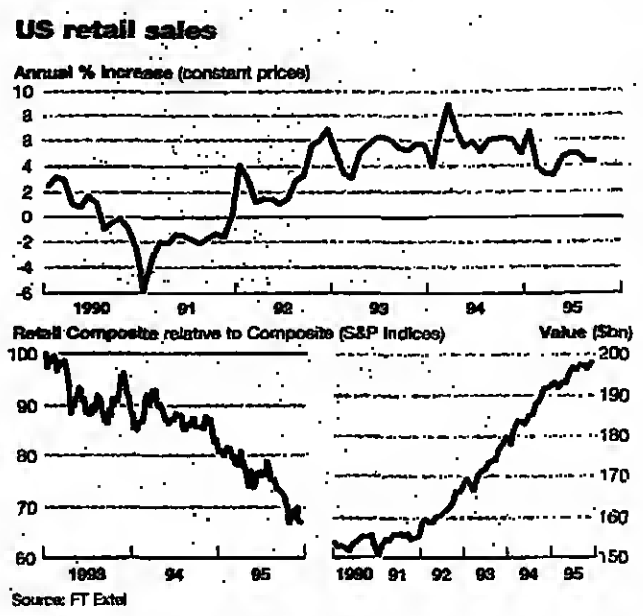
One reason for this change in attitude is the recent trend towards corporate downsizing in the US, which has made people worry about their financial security. Significantly, downsizing has brought heavy job losses at managerial level as well as on the shop floor, so this feeling of insecurity permeates through all levels of society. "While your job may be safe, if your neighbour loses his, it obviously has a major psychological impact," says NatWest's Mr Buchanan.

Another big influence on spending habits is the ageing of the baby-boom generation, the biggest proportion of the US population. In the 1980s, when baby-boomers were in their 30s, they went on a spending spree. Now they are in their 40s, and they have most of the products they need to live a comfortable lifestyle.

Their priorities have changed: they are spending their money on school fees for *their children, retirement* plans, and nursing care for their parents.

Meanwhile, women have less time to shop than they used to. About 75 per cent of women in the US have full or part-time jobs, so if they are also doing the household chores and taking care of the children, there is little time left for anything else. Women have halved their visits to the mall over the past 15 years: and when they do visit, they shop in a much more targeted way, entering fewer stores.

US retail sales



Source: FT Extel

The worst hit part of the retailing industry has been the clothing business, where profits have plummeted and store closures have become an almost daily event. This part of the market – particularly women's clothing – has suffered not only from the trends affecting the rest of the industry, but from what might almost be described as the end of fashion.

Ms Tracy Mullin, president of the National Retail Federation, says: "There has been a dramatic shift from the 1980s when everybody was trying to outdo everybody else in the way they looked, and there was lots of focus on clothing and a lot of fashion trends.

"There were times when everybody had to have *culottes, boots, different* kinds of jewellery, hair styles – there were so many trends where you had to fit into the certain look.

"Now, women are no longer so insecure about their own identity that they feel compelled to purchase a specific look. Pants are fine, long skirts are fine, short skirts are fine. There are no looks any more: whatever you've got is fine."

Although most parts of the retailing industry have been feeling the squeeze, there are exceptions. One is the luxury goods sector, which is enjoying a boom. In the US, the very rich are getting even richer, and they are spending record sums in the stores of Tiffany, Cartier, Hermès and others.

Some retailing formats are doing better than others: among them the so-called category killers, superstore chains offering very large selections of a single category of goods at low prices. One of the most successful has been Home Depot, which sells home improvement products: one of the newest is Baby Superstore, which specialises in baby products. And on a smaller scale, niche retailers can still do well when they come up with a good idea: one recent success has been Sunglass Hut, a chain of small stores selling nothing but sunglasses.

Meanwhile a surprising survivor has turned out to be the department store, previously seen as the industry's dinosaur. Sears Roebuck has prospered since Mr Arthur Martinez, the new chairman and chief executive, revamped the stores and product lines, while Federated Department Stores has grown by taking over other department store chains such as the bankrupt R.H. Macy.

As to the future, US retailing seems likely to see many more closures, bankruptcies and mergers before its health is restored. At present, the US has far more retailing space than its population can support. Traditionally, selling space has grown at the same rate as the population: but between 1965 and 1990, square footage rose from 4 sq ft a head to 18 sq ft a head – an increase of 450 per cent.

Mr Jay Scansaroli, partner in charge of retailing at the New York office of accountancy firm Arthur Andersen, predicts that this overcapacity will force many US retailers to start looking overseas for growth. "Clearly we are an over-stored country right now, and a lot of retailers are saying there are very few areas they can expand in. They are saying they need to look globally to see what they are going to do."

Still, the National Retail Federation's Ms Mullin says overcapacity in the US will not stop the process of evolution that has been going on since retailing began. Entrepreneurs who come up with a good idea for a new format will still succeed.

"Consumers are very fickle," Ms Mullin says. "There isn't that same kind of loyalty to stores that there used to be decades ago. Consumers go where the action is: where there is a fun shopping experience, where the service is good, or where the prices are dirt cheap."

And what will the next big format be? According to Ms Mullin, it just might be the second-hand store. She thinks there could be a big increase in the re-selling of products such as sporting goods, exercise equipment, toys, books and compact discs.

"Consumers seem to have put aside any reservations they might have had about buying products that have been used by somebody previously," Ms Mullin says. "We think this is something that is going to happen in the next five to 10 years."

TERAOKA SEISAKUSHO CO., LTD.
Notice of an adjourned Meeting
of the holders of the outstanding
US $30,000,000 1 per cent. Guaranteed Notes Due 1998
with Warrants to subscribe for shares of
common stock of Teraoka Seisakusho Co., Ltd.

Notice is hereby given that a Meeting of the holders of the above Notes (the "Noteholders") convened by Teraoka Seisakusho Co., Ltd (the "Issuer") on 21st December, 1995 by the notice published in the Financial Times and the Luxemburger Wort on 29th November, 1995 was adjourned through lack of a quorum and that the adjourned meeting of Noteholders will be held at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA on Monday, 15th January, 1996 at 11.45 am (London time) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed dated 3rd March, 1994 (the "Trust Deed") made between the Issuer, The Mitsubishi Bank, Limited and Daiwa Bank Trust Company (the "Trustee").

EXTRAORDINARY RESOLUTION

"That this Meeting of the holders of the outstanding US $30,000,000 1 per cent. Guaranteed Notes Due 1998 (the "Notes") with Warrants to subscribe for shares of common stock of Teraoka Seisakusho Co., Ltd. (the "Issuer") constituted by a Trust Deed dated 3rd March, 1994 (the "Trust Deed") made between the Issuer, The Mitsubishi Bank, Limited and Daiwa Bank Trust Company (the "Retiring Trustee") HEREBY RESOLVES THAT

(i) the appointment of Nippon Credit Trust Company (the "New Trustee") in place of the Retiring Trustee by the Issuer pursuant to a Deed of Appointment and Retirement of Trustee (the "Deed") to be dated on or about 16th January, 1996, and entered into by the Issuer, The Mitsubishi Bank, Limited, the Retiring Trustee and the New Trustee be approved;

(ii) the Issuer be authorised to enter into the Deed; and

(iii) every abrogation, modification, variation, compromise or arrangement in respect of the rights of the Noteholders and the holders of the Coupons relating to the Notes against the Issuer involved in or resulting from the terms of paragraphs (i) and (ii) of this resolution be sanctioned."

AVAILABILITY OF DOCUMENTS

Copies of the Trust Deed, a draft Deed of Appointment and Retirement of Trustee, the Paying and Warrant Agency Agreement dated 3rd March, 1994, a draft Supplemental Agency Agreement to amend the Paying and Warrant Agency Agreement and a draft legal opinion of Linklaters & Paines may be inspected at, and voting certificates may be obtained from, the specified office of any of the Paying Agents given below.

VOTING AND QUORUM

1. Noteholders' attention is drawn to the contents of the notice published in the Financial Times and the Luxemburger Wort on 29th November, 1995.
2. The quorum required at the adjourned Meeting will be two or more persons present holding Notes or voting certificates or being proxies whatever the principal amount of the Notes so held or represented.
3. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three quarters of the votes cast. If passed, the Extraordinary Resolution will be binding on all the Noteholders, whether or not present or voting at such Meeting, and upon all the holders of the Coupons relating to the Notes.

Trustee
Daiwa Bank Trust Company
75 Rockefeller Plaza
New York, N.Y. 10019

Paying Agents
The Mitsubishi Bank, Limited
6 Broadgate
London EC2M 2SX

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
L-2955 Luxembourg

Morgan Guaranty Trust Company of New York
Avenue des Arts 35,
B-1040 Brussels

22nd December, 1995 — Teraoka Seisakusho Co., Ltd

The Financial Times plans to publish a Survey on

Franchising

on Tuesday, March 5th.

This survey will focus on areas such as research for potential franchises, explores sources of funding available and highlights the specialist help available.

For more information, please contact

Lesley Sumner
Tel: +44 (0) 171 873 3308
Fax: +44 (0) 171 873 3064

FT Surveys

Banco Central de Venezuela
£21,174,000
Floating Rate Bonds due 2005
STG New Money Series B-NP
Banco Central de Venezuela
£21,174,000
Floating Rate Bonds due 2005
STG New Money Series B-P

In accordance with the provisions of the Bonds, notice is hereby given that for the Interest Period from December 20, 1995 to June 20, 1996 the Bonds will carry an Interest Rate of 7.375% per annum. The interest payable on the relevant interest payment date, June 20, 1996 will be £18.74 per £500 principal amount.

By: The Chase Manhattan Bank, N.A.
Agent Bank
December 22, 1995 — CHASE

The Republic of Venezuela
£28,232,000
Floating Rate Bonds due 2006
STG New Money Series A

In accordance with the provisions of the Bonds, notice is hereby given that for the Interest Period from December 20, 1995 to June 20, 1996 the Bonds will carry an Interest Rate of 7.50% per annum. The interest payable on the relevant interest payment date, June 20 1996 will be £19.06 per £500 principal amount.

By: The Chase Manhattan Bank, N.A.
Agent Bank
December 22, 1995 — CHASE

The Republic of Venezuela
£119,402,500
Floating Rate Bonds due 2007
STG Debt Conversion Series

In accordance with the provisions of the Bonds, notice is hereby given that for the Interest Period from December 20, 1995 to June 20, 1996 the Bonds will carry an Interest Rate of 7.375% per annum. The interest payable on the relevant interest payment date, June 20, 1996 will be £18.74 per £500 principal amount.

By: The Chase Manhattan Bank, N.A.
Agent Bank
December 22, 1995 — CHASE

Last year 79 investment projects gave Wales their chorus of approval.

Another 54 liked the sound of it and joined for the encore.

Of the $1.4 billion invested in Wales last year, half was repeat investment by companies who had come to Wales and been successful here. For more details of how your business can have an equally prosperous New Year, contact WDA Customer Services.

INTERNET: http://www.netwales.co.uk.

WALES BEST BUSINESS CLIMATE IN EUROPE. +44 1443 84 55 00.

WDA
WELSH DEVELOPMENT AGENCY

COMPANY NEWS: UK

DURBAN ROODEPOORT DEEP LIMITED

(Incorporated in the Republic of South Africa) Registration No. 01/00926/06
("the company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of ordinary and preferred ordinary shareholders of the Company ("members") will be held in the boardroom of Randgold & Exploration Company Limited, 5 Press Avenue, Selby, Johannesburg, at 10:30 (South African time) on Friday, 19 January 1996, for the purpose of considering and, if deemed fit, passing, with or without modification, the following resolutions:

1. **Ordinary resolution number 1**
   "Resolved that the Durban Roodepoort Deep (1996) Share Option Scheme ("the Option Scheme"), which is Appendix A to the circular and notice of meeting dated 14 December 1995, be and is hereby approved and adopted and the directors be and are hereby authorised for and on behalf of the Company, to take all such steps as are necessary for the establishment and carrying into effect of the Option Scheme, including the allotment and issue to participants other than directors of the Company, on the conditions set out in the Option Scheme, of ordinary shares in the capital of the Company."
2. **Ordinary resolution number 2**
   "Resolved that, subject to the passing of ordinary resolution number 1, to be proposed at the meeting at which this resolution is to be proposed, 900,000 ordinary shares of R1.00 each in the authorised share capital of the Company be and they are hereby placed under the control of the directors of the Company as a specific authority for allotment and issue, from time to time, in accordance with the terms and conditions of the Durban Roodepoort Deep (1996) Share Option Scheme, but subject always to the provisions of the Company's Articles of Association, the Companies Act, 1973 (Act 61 of 1973), as amended, and the rules and requirements of The Johannesburg Stock Exchange."
3. **Ordinary resolution number 3**
   "Resolved that the provisions of Article 88 (a) of the Company's Articles of Association be and are hereby relaxed to the extent that any director of the Company who participates in the Durban Roodepoort Deep (1996) Share Option Scheme ("the Option Scheme") in entitled to vote on any resolutions relating to the Option Scheme which are placed before n meeting of directors notwithstanding his interest in the Option Scheme, provided that he shall not vote on or be counted in a quorum for resolutionn concerning hin participation in the Option Scheme."

Voting and proxies

On n show of hands, every member present in person or by proxy or represented in terms of Section 188 of the Companies Act, 1973, shall have one vote and on a poll every member present in person or by proxy or to represented shall have one vote for every ordinary or preferred ordinary share held by such member.

A member entitled to attend and vote at the general meeting may appoint one or more proxies to attend, speak and vote in lieu of such member. The proxy so appointed need not be a member of the Company. Duly completed proxy forms must be lodged with the transfer secretaries of the Company, Optimum Registrars (Proprietary) Limited, 4th Floor, Edura House, 40 Commissioner Street, Johannesburg, 2001 (PO Box 62391, Marshaltown, 2107) in South Africa or Barclays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU in the United Kingdom by not later than 10:30 (South African time) on Wednesday, 17 January 1996.

By order of the board.
Durban Roodepoort Deep, Limited
Per: **D J Haddon**
Randgold & Exploration Company Limited
Secretaries
Johannesburg
14 December 1995

Registered Office and Postal Address:
Main Reef Road,
Florida
Roodepoort,1724
South Africa

Copies of the circular in shareholders are available from Barclays Registrars, Bourne House, 34 Beckenham Road, Kent BR3 4TU or Viaduct Corporate Services Limited, 19 Charterhouse Street, London EC1N 6QP.

Holders of share warrants to bearer who desire to attend or be represented at the general meeting must comply with the 'Conditions governing share warrants' currently in force.

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Panel says Granada's claim was within rules

By Scheherazade Daneshkhu
Leisure Industries Correspondent

The Takeover Panel yesterday said that Granada, the TV and leisure group, had acted within its rules in stating that it could improve Forte's profits by £100m.

Forte, the hotels company fighting a £3.2bn hostile bid, said it would continue to press Granada for full disclosure of tha breakdown of the cost savings it plans in the first full year after acquisition.

Forte last week appealed to the panel, saying that the £100m figure, given without detailed breakdown, contravened panel rules. Bidders usually generalise about cost savings and it is unusual for them to cite a figure. However, the Panel said yesterday: "Graneda's statement was properly prepared and adequately and fairly presented."

But it would investigate whether new rules were needed in the case of quantified statements on the expected benefits of a merger.

There are strict rules for profits forecasts and the panel suggested the need for similarly formal requirements would be examined. These could include stating the bases on which statements about cost savings are made, or giving e breakdown of the figure.

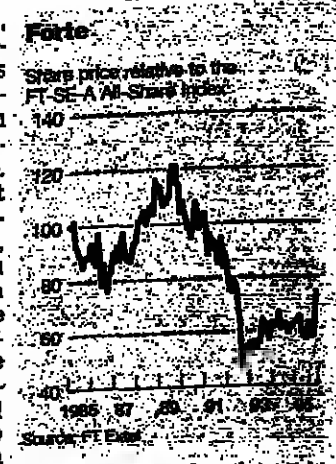
Granada welcomed the panel's statement and reiterated its belief that it could improve Forte's ongoing profits by £100m a year before reorganisation costs. Forte challenged Granada to come forward with a breakdown if it was fully confident of those savings. It said the matter was central to the value of the bid.

Meanwhile Forte said yesterday it had secured the renewal of the management contract of Le Meridien Boston against "strong competition" from international hotel groups.

● The UK hotel industry has entered a period of strong growth in profits likely to continue for three to four years, according to a study from Pannell Kerr Forster, the hotel consultant. It said operating profits of London hotels were 5 per cent below their previous peak and regional hotels were 20 per cent lower.

LEX COMMENT

Forte/Granada



As Christmas approaches, Forte's investors will be hoping that Santa Claus brings them something more substantial than the mud which has been the core ammunition in this takeover battle. Forte has at least come out fighting. Its demerger proposal offers increased value, even if it is primarily a mechanism for attracting a disposal premium for the restaurant business. However, Forte needs to provide a detailed analysis of performance at its various hotel divisions. It is impossible to evaluate management when more than £1bn of the company's assets are tied up in poorly performing trophy hotels. Changes at board level would also help underwrite expectations of an improved operating performance. With its share price in line with the Granada offer, Forte still has much to prove.

Granada has also been struggling to find investor support - its shares are still 9 per cent below their pre-bid level, making it harder to fund an increased offer. It must provide greater detail on how it would achieve its promised £100m of improved profitability. Applying Granada's accounting policies to Forte, combined with the likely introduction of guidelines increasing depreciation on hotels, could knock £30m off attributable profit. And the potential loss of Meridien management contracts would raise further questions over how to justify the deal in earnings terms.

At this stage, Forte should not *have to do much* to force Granada to pay more. The question is how much more Granada can justify paying.

Medeva £4.4m US settlement

By James Harding

Medeva, the pharmaceuticals group, yesterday announced an out of court settlement with n number of US investors pursuing a class action against the company for violating US securities laws.

Although Medeva continued to deny any wrongdoing, it decided to establish a $6.75m (£4.38m) settlement fund to save time and money.

The settlement is the latest example of what some US businessmen have called the "frivolous litigation" that Congress is trying to curb.

Independent Ins expands in France

By Ralph Atkins,
Insurance Correspondent

Independent Insurance yesterday announced the expansion of its overseas activities with the acquisition of La Palatine, the French insurer, from Groupement Français D'Assurances. The shares ended up 27p at 361p.

Under the deal, Independent will receive net cash payments of FFr140m. La Palatine has been lossmaking but is expected to have net assets of FFr35m at completion. In addition, Independent has received guarantees that if La Palatine proves not to have had adequate reserves, the shortfall will be made up by GFA, a subsidiary of Aachener und Munchener Beteiligungs.

That means Independent is, in effect, acquiring La Palatine's book of business and investment income. The group said the consideration it would receive would allow a restructuring of French activities "with negligible financial impact on Independent."

Independent is acquiring a business with turnover of about £35m. This would be added to the group's existing Paris-based business which generated £5m of premium income last year. Independent's total gross written premiums last year were £279.3m.

Mr Michael Bright, Independent chief executive, acknowledged the French insurance market was tough but the group's business there was "very profitable".

Trevor Humphries
Michael Bright, centre, with Philip Condon, left, and Alan Clarke: acknowledge that French insurance market is tough

Trio falls near £12m into red

Disastrous conditions for money brokers have taken their toll on another firm, it emerged yesterday, as Trio Holdings, the third largest publicly-quoted broker, declared an £11.8m ($18.2m) pre-tax loss for the year to September 30.

The result, which compares with a £2.4m profit, comes amid a fierce squeeze on money brokers, which arrange wholesale foreign exchange and cash transactions between the world's largest banks.

There is no dividend, compared with a 0.1p total in 1994. Losses per share were 14.82p (0.71p profit).

CONTRACTS & TENDERS

ACHILLE LAURO LINES s.r.l. in Receivership, with head office in Naples/Italy, Via C. Colombo no. 45, tel. +39/81/5520804, has called for bids for the sale by auction, on 22/1/1996 at 4pm in the presence of Notary Francesco Maddalena in Naples, Via R. Bracco no. 45, tel. +39/81/5522028, of the following real estate:

LOT A: Country house of approximately 1,050 covered sq.m., with attached garden, terrace, pool and farm land for a total of 10,267 cadastral sq.m., called "Villa Eliana", situated in Massa Lubrense (Naples), locality S. Giuseppe, Via Comunale S. Francesco;
Auction price Lit. 4,200,000,000.

LOT B: farm land of 8,693 cadastral sq.m., situated in Massa Lubrense (Naples), locality S. Giuseppe, Via Comunale S. Francesco;
Auction price Lit. 278,000,000.

LOT C: farm land of 45,029 cadastral sq.m. with farm house, stable and rural barns, situated in Massa Lubrense (Naples), locality S. Giuseppe, Via Comunale S. Francesco;
Auction price Lit. 1,868,000,000.

LOT D: farm land of 10,376 cadastral sq.m. with shed of approximately 25 sq.m., situated in Sorrento (Naples) between Via Correale, Via Capasso and Corso Italia;
Auction price Lit. 1,635,000,000.

The auction will be held, according to the regulations of the call for bids and articles 63 and 88 of Royal Decree 23 May 1924 no. 827, by means of secret offers which must arrive, by registered post, within 1.30 pm on 22/1/1996 at the office of the Notary Francesco Maddalena, together with a deposit of 20% of the base prices.

For each lot, the highest bidder will be the one who presented the most advantageous offer, also if only one offer is presented. After the adjudication, higher offers can be presented. In this case, a new call for bids will be announced according to article 86 of Royal Decree 827/24.

The transfers of the real estate to the highest bidders will be subject to:

a) the non-exercise of the right of pre-emption, if any, due to the cultivators according to law 26 May 1965 no. 590 and subsequent laws, for lots B, C and D;

b) the authorisation of the ministerial supervisory authority;
and should take place within 45 days of the obtainment of the said authorisation.

Expenses for the sale and call for bids (including those for advertisements) are to be paid by the highest bidders, who must settle the amount due for the price and expenses -deducting the deposit - on the day fixed for the transaction.

Interested parties can request a complete copy of the call for bids, essential for participation, from the Notary or the seller and, at the offices of the latter, can examine the real estate identification and evaluation reports.

The Sole Commissioner Prof. Bruno Del Maro

THINK AHEAD

Bring your capital to a peak

Ras Beirut Commercial Center

The Municipality of Beirut, represented by the Council for Development and Reconstruction, plans to realize a complex composed of a Public Garden, a Car Park and a Commercial Center in Ras Beirut according to a tender to Build, Operate and Transfer (B.O.T).

Candidates interested to execute this project are invited to submit their applications for prequalification. Candidates should form joint ventures with international corporations, including financiers, building contractors and international operating companies, that benefit from a significant experience in public gardens, car parks and commercial centers.

The project shall be built on plot No. 1220 in Ras Beirut, with an approximate area of 14,200 m², owned by the Municipality of Beirut.

The main functions of this project cover the following areas:

- A Public Garden (green spaces...) 6,800 m² approx.
- Commercial Shops, Snacks 5,000 m² approx.
- Services (warehouses, kitchens, ...) 4,200 m² approx.
- Galleries (ramps and arcades) 2,800 m² approx.
- Offices 6,200 m² approx.
- Car Park (1500 cars) 44,700 m² approx.

The project also includes the execution of foundations for an office tower with an area of 48,000 m². It is noted that although the office tower plans have been completed, the building of the tower shall be executed at a later stage not within the framework of this project.

This project should be completed according to a strict time table within a period not exceeding 24 months.

The group of companies or parties which shall be selected must build the complex, operate it for a number of years, that should be indicated in their tender offer and subsequently deliver it in an excellent operating condition to the Municipality of Beirut. The prequalification procedure shall conform to the prequalification document which can be obtained from the Council for Development and Reconstruction against the sum of U.S.$./500// in the form of a certified banker's cheque in the name of the Council for Development and Reconstruction.

The group of companies or Parties interested in participating in this project are invited to collect the prequalification documents as of Tuesday 5/12/1995 and to submit them accompanied by all the required documents before 12:00 noon, Beirut local time, on Monday 5/2/1996 at the following address : Council for Development and Reconstruction Tallet Al-Serail - Beirut - Lebanon

REPUBLIC OF LEBANON
MUNICIPALITY OF BEIRUT
COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION

Ras Beirut, a Capital's Peak

For more information: Council for Development and Reconstruction - Tallet Al-Serail - Beirut - Lebanon.

SB spends DM203m on German purchase

By Daniel Green

SmithKline Beecham, the UK's second biggest drugs company, yesterday demonstrated its commitment to consumer medicines by spending DM203m on Abtei Pharma Vertreibs, Germany's biggest maker of grocery store medicines.

The move comes in the same week that Glaxo Wellcome, SB's bigger rival, signalled its devotion to prescription drugs by selling its stake in over-the-counter drugs company Warner Wellcome for $1.05bn (£660m) to Warner Lambert, the joint venture partner.

SB's acquisition bolsters its relatively weak position in OTC in Germany, Europe's biggest medicines market.

The company has been known in Germany for its oral care products such as toothpaste and mouthwash, and vitamin products sold by pharmacies.

Abtei, which had 1994 sales of DM110m, has similar vitamin products but they are sold through grocery stores.

SB claims the new acquisition will make it the biggest company in Germany's consumer healthcare.

SB also wants to increase its sales of minerals products, in line with its profile in countries such as the UK where it is best known for brands such as Beechams Powders.

Abtei, based in Bielefeld, Westphalia, is privately owned, like almost all of Germany's mid-sized drugs companies.

A sale of a German pharmaceuticals company to foreign interests by the controlling family is almost unheard of.

The nearest the sector has come in recent years has been the sale of minority stakes by E Merck of Darmstadt and Schwarz Pharma, of Monheim, near Cologne.

Geest near to banana sale

By David Blackwell

Geest is on the verge of concluding the sale of its banana business for more than £140m to a joint venture between the Windward Islands and Fyffes, the Dublin-based fruit and vegetable company. Both sides were working frantically yesterday to complete the deal ahead of Christmas. Barring last minute hitches, an announcement is expected today.

Over the past 10 days three prime ministers from the Windward Islands have been in London raising financial support for the bid from British banks. Mr Edison James of Dominica, Mr John Compton of St Lucia and Sir James Mitchell of St Vincent are understood to be keen to return home with the good news this weekend.

Fyffes is Geest's main rival in the UK banana market, where both companies have about a third of total sales. While rumours were circulating over the past few months that Geest was talking to Noboa Corporation, an Ecuadorean banana exporter, Fyffes was talking to the Windward Islands Banana Development Company (Wibdeco).

For more than 40 years Geest has shipped bananas from the Windward Islands, which rely on the crop for most of their export income. Its produce comes under the EC banana regime.

Index for Aim to launch in new year

By Christopher Price

The creation of an index to track the Alternative Investment Market was confirmed yesterday by FT-SE International, a new company owned by the London Stock Exchange and the Financial Times.

Launching on January 2, it will cover all companies trading on the junior market which have a sterling denominated quotation.

The index will be weighted by capitalisation, although unlike other FT-SE indices, it will not have a requirement that 25 per cent of a constituent's shares be available for public trading.

The index will be published daily in the Financial Times, initially in the statistical section headed London Equities.

It was also announced yesterday that the FT-SE Small-Cap index, currently published at the end of each trading day, will be calculated and made available every minute throughout the day. The change takes effect from March 25.

Young compensation ignores contents of second employment letter

C&W offers less than expected

By Peggy Hollinger, William Lewis and Alan Cane

The board of Cable and Wireless has made a smaller than expected compensation offer to Lord Young of Graffham, the telecommunications group's former executive chairman, in spite of the emergence of a second letter detailing his employment conditions.

The directors are understood to have offered Lord Young, a former Conservative trade and industry secretary, less than a year's salary, plus his pension entitlements. It is also thought that the board has made a gesture towards recognising Lord Young's share options worth £1.7m ($2.61m).

The offer, in effect, ignores the terms of the second letter, which set his leaving date for February 1997 and guaranteed his position and office support. Based on this later letter, Lord Young is thought to be demanding more than £2.5m, and perhaps as much as £4m, in spite of the fact he was always stated to have no contract with the company. In the year to March 31 1995, he received £479,247 plus pension contributions of £179,450.

Lord Young's claims have been based, in part, on an earlier letter detailing his employment package, dating from his appointment in 1990. This is now known to have been signed by the former chairman of the remuneration committee, Sir Gordon Brunton. However, it stated that it had been mutually agreed that his contract did not include any term of service.

The second letter dates from the announcement at the company's interim results last month that Lord Young intended not to retire until February 1997.

Trevor Humphries

Lord Young: thought to be seeking more than £2.5m

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Barrdene Invs	Yr to Sept 30	68.9	(62.2)	3.7	(4.54)	2.47	(2.96)	1.175	Feb 15	1.175	1.925	1.925
Farringford	5 mths to Aug 31	0.423	(0.431)	0.101L	(0.016L)	0.42L	(0.1L)	nil	-	nil	nil	nil
Trio	Yr to Sept 30	89.3	(99.1)	11.8L♣	(2.4)	14.82L	(0.71)	nil	-	0.1	nil	0.1
Winchester Multi Φ	6 mths to Sept 30	1.09	(0.242)	0.184L	(0.081L)	2L	(1.2L)	-	-	-	-	-
Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Abtrust Emerging	Yr to Sept 30	82.87	(101.84)	0.388	(0.393)	0.78	(0.79)	0.4	Feb 21	0.2	0.4	0.6§§

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♣After exceptional charge. ΦAim stock. §§Includes special of 0.4p

Redland acquires stake in Ennemix

By Andrew Taylor, Construction Correspondent

Redland, the building materials group, yesterday signalled a further rationalisation of the UK quarry industry by buying a 29.9 per cent stake in Ennemix, the east Midlands and East Anglian aggregates company.

Ennemix, which came to the market a year ago, advised shareholders to take no action. Redland is thought to be poised to make a full offer for the company.

Redland paid 32p a share to Nash Sells, a venture capital company. Ennemix shares rose from 20p to 32p – valuing the company at £5.8m – compared with a flotation price of 68p.

The company, which is forecast to incur a £600,000 pre-tax loss this year, owns nine quarries and 22 ready-mixed concrete plants. The Mcleod family is the next largest shareholder with a 28.3 per cent stake, and Schroders the largest institutional shareholder with 8 per cent.

Redland's stakebuilding is the latest in a series of acquisitions by large quarry companies. Wimpey last month agreed to swap its aggregates and construction businesses for Tarmac's UK housebuilding division. Wimpey had earlier purchased Alfred McAlpine's quarrying business.

Other recent deals have included the £330m sale by BTR, the industrial conglomerate, of its aggregates business to Minorco, the international natural resources group, and the purchase for £72.3m of Bardon Group's Civil and Marine subsidiary by ARC, part of Hanson.

RMC, the world largest concrete group, paid £40.6m in July for Hargreaves Quarries.

Early start for Greenbury codes

By William Lewis

Bass, the leisure group, and Burton, the retail group, have become the first companies to tell their shareholders that they comply with stock exchange rules based on the Greenbury committee's report on executive pay.

Both companies' annual reports, sent to shareholders this week, include a remuneration committee report giving full details of senior executives' pay. They also state that key elements of Greenbury's code of best practice have – and are being – followed.

The two companies' moves means they are complying fully with Greenbury about two years before they need to.

The move by Bass and Burton to implement Greenbury early will put pressure on other companies to state their compliance in their next annual reports.

Under stock exchange rules all public companies with financial year ends on or after December 31 1995 have to provide shareholders with a remuneration committee report in their annual accounts. Companies with year ends beginning on or after December 81 1995will have to print in their accounts a statement of compliance with the most important elements of Greenbury's code of practice.

Bass's annual report, for the year end September 30, states it has "adopted the provisions of the Code early". Elements of the four page remuneration committee report, signed off by Mr Kenneth Dixon, chairman of the committee, have also been approved by Ernst & Young, auditors to Bass.

Sir Richard Greenbury, chairman of the committee and Marks & Spencer, said yesterday that he was "pleased" by the early disclosures and said that "a lot of other companies are also responding".

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22nd December, 1995

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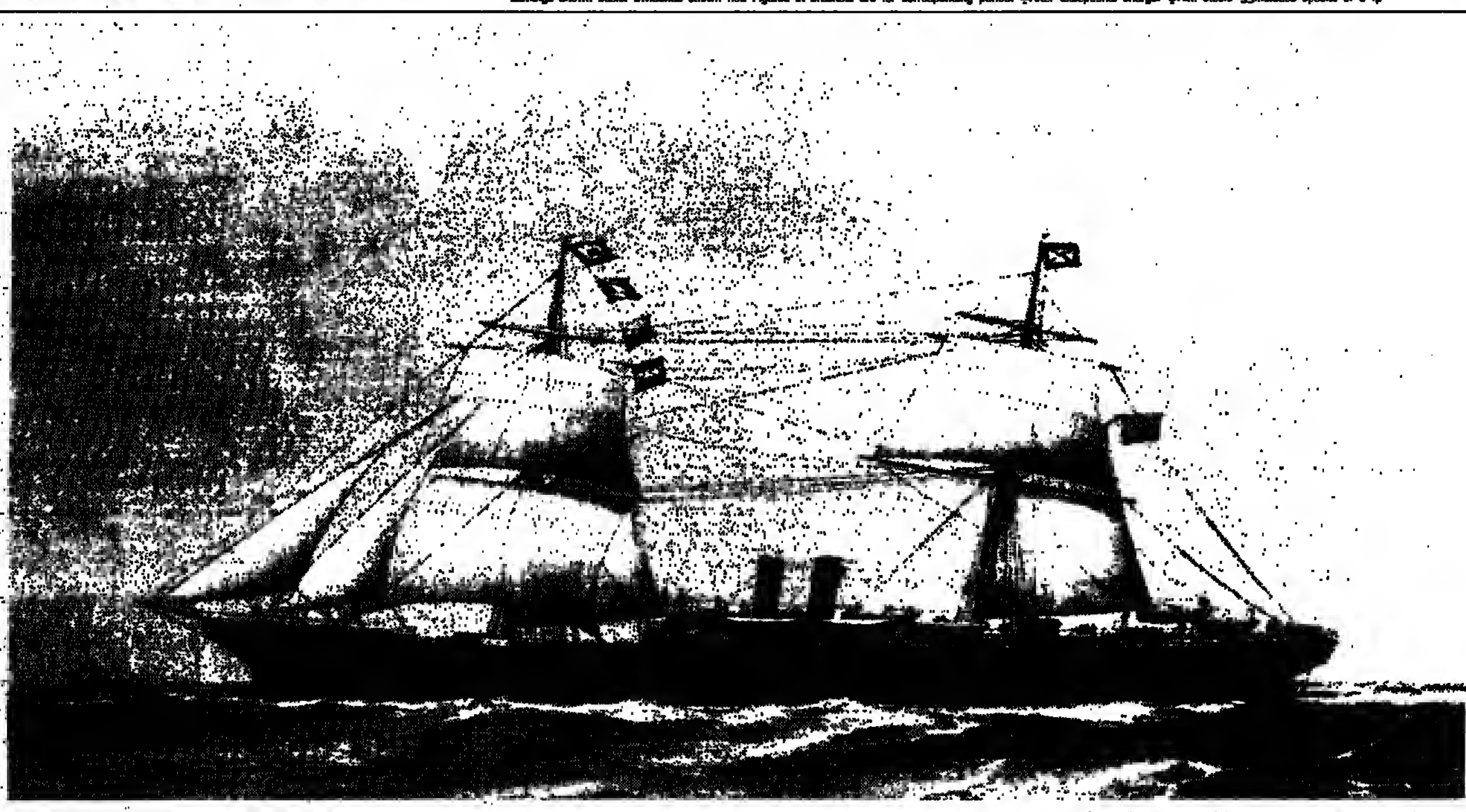

Nubian, National Maritime Museum London c.1870

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RECRUITMENT

JOBS: A year of changing fortunes in the employment sector

Careers on and off the rails

As we reach the end of the year, it seems as good a time as any to reflect on some of the things *that have happened to jobs in* 1995. Thumbing back through the column over the past 12 months gives some indication of the way recruitment and employment may be moving towards the end of the decade.

It was a year that began like one of those thrillers with our heroine, the job, strapped to the railway line as we were told *ad nauseam* that there was no longer a job for life. This emerged because of a clear-out in traditional white collar jobs, such as the civil service and bank management, where a career path over a working life used to be reasonably assured.

While "there is no longer a job for life" must have become the most hackneyed phrase of the year, it did lead almost inevitably to the increased use of another buzzword popularised during the year: employability – the state of preparedness we must all strive for because "there is no longer a job for life".

The idea is that while you are doing your present job, you are equipping yourself for the next one.

Another idea that began to take root in 1995 was that the way we work has reached a watershed, that technological change coupled with lean management techniques and business process re-engineering is producing a transformation in working practices as significant as those that occurred during the Industrial Revolution. We shall probably be at the other side of the millennium before we can assess whether the change has been so momentous.

Many western companies, however, are already transferring parts of their processing work to countries such as India where computer skills can be obtained at a fraction of the cost of those in the west. This is likely to be a continuing trend in 1996.

This was also the year that recruitment began to establish itself on the Internet. Web sites advertising jobs, CVs or other services began to spring up like mushrooms in the US and the UK as businesses began to explore the potential of the Internet for matching people to jobs. The US is still leading the field in this area but it would seem to have much potential, particularly for graduate recruitment if employers could access CV databases at individual universities.

What happened to pay in 1995? For many people in work in the UK, it went up at around the rate of inflation. For many senior executives, it went up at around twice the rate of inflation. For some top executives, it went up even higher, but not for all directors, as the Reward Group recently reminded us. The average pay increase of directors in UK companies was between 3 and 3.5 per cent.

Nevertheless, the furore over directors' pay left its mark on the year, leading to the inquiry and report by Sir Richard Greenbury which suggested several reforms aimed at making the value of reward packages clearer. The stickiest recommendation has been one saying that companies should declare the full cost of a director's pension benefits. We are still awaiting a suitable formula for their calculation.

One persistent left-over from the directors' pay controversy was the term "fat cat". It reflects a peculiarly British form of abuse that defies understanding in the US, where society has an almost institutionalised desire to get rich. That said, the phrase has stuck and will take some time to shake off.

Performance-related pay also came in for scrutiny during the year as a number of academics questioned its motivational worth. It is not going away, however, because it has proved a useful tool in giving more flexibility to the annual pay bill and it does not tend to be consolidated within basic pay.

Pay design is likely to become an increasingly important feature of employment packages in the next year, incorporating comparatively new innovations such as team-based pay which has begun to attract increasing interest in 1995.

Another development which we might greet with mixed feelings is the decision by David Winnick, the Labour MP for Walsall North, to pursue a private member's bill that will outlaw age discrimination in advertising. His decision must be welcomed because age discrimination is something that persists in job advertisements. The most depressing feature of this legislation is that it need not be necessary if those who ran advertisements – and those who placed them – could understand that age limits do not do much service to the recruiter, in that they may preclude the most able candidate from getting a job.

The year has seen the publication of one or two interesting books, the most prominent of which was probably *Jobshift* by William Bridgaa, which described the job as "an historical artifact" and forecast its end. Other books reflecting and commentating on changes in the way we work were *New Deals* by Peter Herriot and Carole Pemberton and *White Collar Blues* by Charles Heckscher which looked at the erosion of employee loyalties and changes in the psychological contract.

All these books were trying to get to grips with changes in the relationship between employer and employee. Much of that change has not been initially for the better. Worries about increasing workplace stress levels have been a prevailing feature of the year and pose an important challenge for mangements in 1996.

A more practical book that tried to provide managements with some answers to getting the best out of employees while keeping them on side, was *The Ascendant Organisation* by Peter Wickens.

Finally, the recruitment coup of the year must be that of Ramón Magarzo, former head of Coopers & Lybrand's Madrid-based consultancy division, who took his entire 90-strong team, one third of the firm's consultancy strength in Spain, to Ernst & Young which, to put it mildly, was quita delighted. Wasn't it Charles Handy who warned us about "assets walking out of the door"?

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COMMODITIES AND AGRICULTURE

Trading in fishing quotas proposed to ease disputes

By Deborah Hargreaves

The problems of managing the Common Fisheries Policy could be alleviated by making fishing quotas tradeable and auctioning them to fishermen, according to a report published this week by the European Policy Forum, a cross-party think tank*.

It came out as European Union fisheries ministers met in Brussels yesterday to battle over dramatic cuts in fishing quotas for next year. Many British fishermen have called for the UK to withdraw from the fisheries policy.

"The choice is not between carrying on with an unreformed CFP or unilaterally withdrawing from it," said Mr Graham Mather, MEP and president of the European Policy Forum.

He said fishing quotas could be traded in the same way milk production quotas are bought and sold between farmers. "A system which relies on prices, rather than administrative decisions, could tackle the contradictions in the CFP which make it unworkable," Mr Mather said.

Mr Mather said that an auction system for quotas would favour efficient fishing industries and help governments to come to rational decisions.

The report suggests setting up a system of individual fishing rights with each vessel allocated a licence stating on which days of the year they are entitled to fish within the national zone. Tha total catches would be restricted indirectly by limiting the number of licences available.

In its present form, the CFP is unworkable, the report states, because its objectives are incompatible.

"It is virtually impossible to conserve fish stocks, which are already in a delicate state, and at the same time to maintain or even improve income and employment in the fishing industry," it says.

The report which was written by Mr Federico Foders from the Kiel Institute of World Economics, recommends auctioning fishing rights to the highest bidder and making them tradeable between firms. This could involve setting up a sort of stock exchange in the leading landing ports for the holders of such rights to trade them.

**Reforming the Common Fisheries Policy, European Policy Forum, 20 Queen Anne's Gate, London SW1H 9AA.*

Outokumpu plans mid-1997 start-up for nickel project

By Kenneth Gooding, Mining Correspondent

Outokumpu, the Finnish mining and metals group, has put its new nickel project in Australia on the "fast track" to start up as early as mid-1997.

It expects the small, high-grade Silver Swan deposit, 45 kms north east of Kalgoorlie in Western Australia, to prodnce about 10,000 tonnes of nickel a year for about six years. The capital cost is expected to be between A$45m and A$50m.

In the meantime, Outokumpu and its 50-50 partner, the privately-owned Mining Project Investors, are "having an aggressive look at the whole region," according to Mr Ken Fletcher, managing director of MPI.

The partners already have located two other nickel deposits and some analysts suggests the area could emerge as a substantial, world class nickel region. Western Australia is already home to several large nickel projects, including WMC's Mt Keith, Kambalda and Leinster operations and Ontokumpn's Forrestania mine.

The key to MPI's strategy has been its decision to go back to known nickel deposits hut to drill much deeper than previous explorers. Drilling has gone down to 500 metres at Silver Swan and the adjacent Black Swan deposit.

Black Swan was discovered in 1970 by Anglo American Corporation of Sonth Africa which decided it was too small to develop and gave it up. MPI says Black Swan contains 28,000 to 30,000 tonnes of nickel and the company is also drilling a third "target" nearby.

"We already have three separate resources and we are continuing to explore. But how the region evolves [as a nickel producer] is still anyone's guess. But we will put Silver Swan on the fast track because it will make a small, high grade mine with a minimum life of five to six years," says Mr Fletcher.

He suggests Outokumpu will have no difficulty meeting its share of the capital costs and MPI has A$30m cash in the bank.

Outokumpu owns 31 per cent of MPI and Pittson, the US coal mining group, 31 per cent. MPI has 50-50 gold joint ventures with Pittson. The MPI management own most of the rest of their company. Mr Fletcher and MPI's geologist, Mr David Burt, were previously with Australian Consolidated Minerals.

It is the fourth time the MPI team have heen associated with a substantial nickel discovery. They found Greenvale in Queensland, and two others in Western Australia, Nepean and Mt Keith.

Prospecting for gold in an ancient land

Ann Elder reports on exploration for a metal first mined in Greece 3,000 years ago

Gold prospectors have been familiar figures in northern Greece for at least 3,000 years. And foreigners are now playing a major role in Greece's new gold rush.

The first outsiders known to have tried their luck were Phoenicians, who struck gold in hills on the east coast of Thasos north of Kinyra. Gold was also worked about 1,000 BC in central Macedonia round Kilkis on the Gallikos River, where the only gold exploitation in Greece so far this century flourished.

During seven years in the 1950s output totalled nearly 1.3 tonnes. The operator was Gold Mines of Northern Greece set up by Elias Eliopoulos, founder of the Eliopoulos-Kyriakoponlos mining group which today focuses mainly on bauxite, bentonite and perlite.

"Looking for gold in the wake of the ancients is unrewarding," says George Xydous, manager of tha group's new mining activities division. In the 1970s Silver & Baryte, one of Greece's major mining companies, fruitlessly combed the tunnels of the famous old Mount Pangaeon mines, only to find they had been thoroughly cleaned ont, presumably from 356 BC after their takeover by Philip II of Macedon.

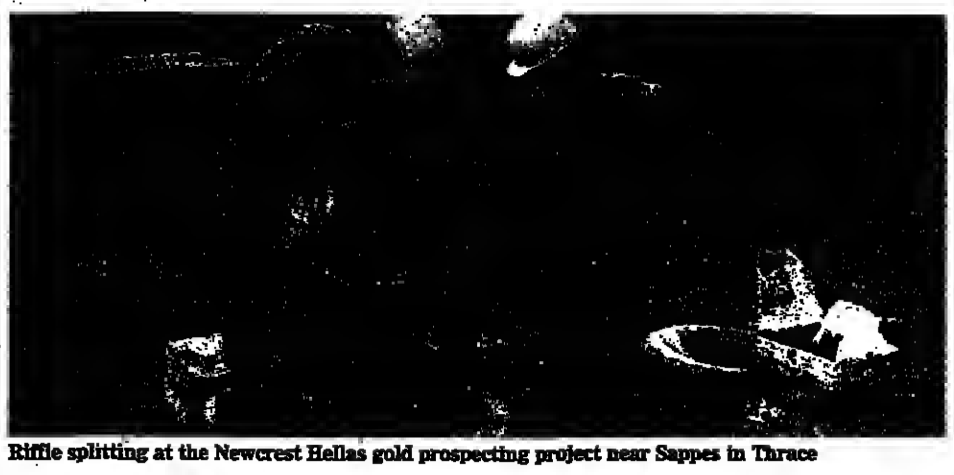
Greeks, like other explorers, now use modern technology, rather than legend, when searching for gold. The original Eliopoulos enterprise, Bauxites Parnasse Mining, is exploring a large area of northern Greece, from the Halkidiki in Macedonia to Thrace.

Early this year it set up a joint venture, 33 per cent owned by the Greek company, with Eurogold, itself a joint venture batween Normandy Poseidon of Australia and Inmet of Canada.

The partners are exploring carefully selected sites, several in the central Halkidiki, near the Cassandra Mines. There are other sites in an isolated area north of Xanthi and on the coast, one abont 20kms west of Kavala, the another at Maronia near Alexandroupolis.

Silver & Baryte has also gone into partnership with an Australian company to search for gold on the Cycladic island of Milos where it mines bentonite and perlite. Renison Goldfields owns 75 per cent of the joint company, Midas, and is to spend between Dr287m and Dr1.6bn on exploration work.

Queensland drillers began work on the rugged, sparsely inhabited western region of Milos last December, an area previously investigated by the Greek Institute of Geology and Mineral Exploration (IGME) which found gold-bearing silica quartz.



Riffle splitting at the Newcrest Hellas gold prospecting project near Sappes in Thrace

Progress has been slow, says the project manager John Crossing. Conditions are harsh. Winds can be so strong that Arctic huts had to be place round the drill rig last winter. Obtaining a regular supply of water for the drill caused serious problems.

Four prospects on land leased by Greeks from the state are being explored, at Triades, Koumaria, Mavrovouni and 650 metres up on a south-west spur of Mt Profitias Elias. The ground is often an unpredictable mix of quartz and clay requiring frequent bit changes. Some days barely a metre of core has been recovered but the drillers average 10 metres a day.

There is a more advanced project in Thrace on the site of an ancient volcano at Sappes in the Rhodope country, 20kms north-west of Alexandroupolis. This might provide a second significant gold mine in northern Greece. It was first identified by IGME eight years ago.

IGME estimated, after investigation between 1987 and 1993, that the deposit contained 11 tonnes of gold. Recovery costs were put at between $200 and $290 an ounce, says Dr Eustace Chiotis, director of mineral resources svaluation at the institute.

"Someone will end up with a gold mine here," insists David Jones, managing director of Athens based Newcrest Hellas. "It's really a matter of scale. A series of high grade pods would he of interest to a smaller enterprise. We want a large deposit. The sniffs we are getting, we hope, come from a large carcase."

Newcrest of Australia is in partnership with the leaseholder, Greenwich Resources of the UK, which still has 49 per cent of the project.

Crushing and grinding the rock at Sappes produces a 100 gram sample the size of a packet of seeds from a 30kg rock core sample.

Mr Jones says the Dr1hn three-year budget was spent in two years and new funding has been allocated. Exploration will continue for a maxium of five years. "We still have a lot of work to do before we decide whether we should develop a mine here," says Mr Jones.

Greenwich, meanwhile, is prospecting on its own account, in a 5.7sq km area at Pefka abont 30kms east of Sappes.

Greece's higgest gold producer is almost certain to be Cassandra Mines. TVX Gold of Canada won a Greek government tender offer in March but more negotiations are needed to solve some serious outstanding issues before it can finally complete the takeover.

Discovered in 1969, the complex Cassandra sulphide deposit has an estimated 60 tonnes of gold at a grade overaging 6 grams a tonne in 12m tonnes of arsenical pyrite ore. Cassandra has been producing mainly lead and zinc since 1975 hut the operator, Hellenic Chemical, has stockpiled about 250 tonnes of fine grey gold-bearing pyrite with a gold concentration of 25 grams a tonne, says IGME.

To release the gold, TVX proposes to employ pressure oxidation as a pretreatment before conventional cyanide leaching. Professor Antonios Kontopoulos of the National Technical University of Athens, who headed a team which in 1988 recommended pressure oxidation should be used at Cassandra, says the process is environmentally acceptable and the recovery rate may be as high as 97 per cent – "but it is neither simple nor inexpensive."

Lamitref merger with MKM scheduled for the new year

The sale of eastern German copper prodncer MKM Mansfelder Kupfer und Messing GmbH (MKM) to the Belgian Lamitref group created a powerful new European company, according to an investment banker involved in the transaction, Reuter reports from Hamburg.

Two companies of equally large size are merging and sizeable investements will be made, said Mr Arne Osborg of the Berlin office of West Merchant Bank of London.

It was approved by the BMGB supervisory board on January 20 and should take effect from Jannary 1, 1996.

West Merchant carried out the investor search on behalf of Beteiligungs-Management-Gesellschaft Berlin mhH (BMGB), the successor organisation of the Treuhand privatisation agency.

Together the two companies produce 400,000 tonnes a year of finished copper products on turnover of DM1.5bn (£675m).

Lamitref is committed to investing at least DM300m to modernise the MKM plant in Hettstedt in Saxony-Anhalt.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1668.5-69.5	1694-95

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	131.40	+0.05	132.90	131.20	554	2,913
Jan	129.40	+0.35	130.60	129.20	155	2,789
Feb	126.30	-0.65	127.60	127.30	28	7,082
Mar	123.60	-0.45	124.80	123.10	3,041	16,096
Apr	121.60	-0.35	122.20	122.20	8	-
May	119.90	-0.25	120.40	119.20	180	2,942
Total					4,196	34,601

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	387.40-387.80		
Opening	388.10-388.50		
Morning fix	388.40	252.454	448.852
Afternoon fix	388.05	252.111	449.362
Day's High	388.40-388.80		
Day's Low	387.30-387.70		
Previous close	387.60-388.00		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.12	6 months	2.84
2 months	2.20	12 months	2.87
3 months	2.49		

Silver Fix	p/troy oz.	US cts equiv.
Spot	335.25	515.75
3 months	338.80	521.70
6 months	344.30	527.55
1 year	353.05	538.80

Gold Coins	$ price	£ equiv.
Krugerrand	390-391	253-254
Maple Leaf	398.70-401.20	
New Sovereign	90-92	58-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	387.9	-0.9	388.8	387.8	26	171
Feb	388.7	-0.9	390.0	388.1	12,380	54,186
Apr	390.5	-0.9	391.9	389.9	199	15,492

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

■ CRUDE OIL IPE ($/barrel)

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

■ GAS OIL IPE ($/tonne)

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls)

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	124.00	-0.50	124.30	124.00	100	777
Mar	126.10	-0.40	126.25	126.00	167	2,503

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

■ BARLEY LCE (£ per tonne)

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

■ SOYABEAN MEAL CBT (100 tons; $/ton)

■ POTATOES LCE (£/tonne)

■ FREIGHT (BIFFEX) LCE ($10/index point)

Jan	1590	+5	1590	1580	25	1,082
Feb	1536	+8	1520	1513	45	214
Apr	1531	+11	1540	1530	125	1,390
Jul	1343	+3	-	-	-	687
Oct	1430	-3	1430	1430	5	205
Jan	1470	-	-	-	-	22
Total					271	3,774

	Close	Prev
BFI	1629	1627

FUTURES DATA

All futures data supplied by CMS.

Wool

There was a New Zealand sale on Wednesday this week and although merinos were a little dearer, crossbreds were cheaper. The market indicator was 9 cents lower at 521 NZ cents a kg. Wool markets before the Christmas break therefore closed at prices a little above the lowest of the season, but not on quite the strongly rising trend which seemed possible a few days ago. There is no certainty that this was no more than a covering move for early shipment. Pointers on the demand side remained mixed. Activity and consumption in processing sectors is poor and below capacity, but with interest rates lower and some signs of better retail demand there are cautiously optimistic assessments about. Wool sales resume early in January and until then the Wool International stockpile provides a non-trade source for anyone sufficiently interested.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	868	-3	875	875	21	17
Mar	910	-2	918	908	2,840	36,965

■ COCOA CSCE (10 tonnes; $/tonnes)

■ COCOA (ICCO) (SDR's/tonne)

■ COFFEE LCE ($/tonne)

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

■ COFFEE (ICO) (US cents/pound)

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

■ WHITE SUGAR LCE ($/tonne)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

May	9.71	-0.03	9.77	9.71	2	1,466
Total					14,622	158,037

■ COTTON NYCE (50,000lbs; cents/lbs)

Mar	82.29	+1.24	82.35	81.37	6,941	26,388
May	81.60	+1.30	81.70	80.65	2,100	9,428
Jul	81.17	+1.59	81.30	80.10	1,531	7,074
Oct	78.45	+0.80	79.60	78.75	284	1,779
Dec	77.00	+0.75	71.10	76.50	793	9,730
Mar	77.98	+0.63	-	-	45	950
Total					11,698	56,578

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Jan	120.35	+1.05	120.50	118.80	1,880	7,878
Mar	124.35	+1.10	124.40	122.85	2,284	9,145
May	126.80	+1.40	127.25	125.40	67	1,501
Jul	129.30	+1.55	-	-	41	585
Sep	131.40	+1.40	127.75	127.75	1	-
Nov	130.25	+1.50	-	-	-	315
Total					4,365	21,758

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Dec 21	Dec 20	month ago	year ago
2101.3	2103.4	2176.4	2225.5

■ CRB Futures (Base: 1967=100)

Dec 20	Dec 19	month ago	year ago
245.43	254.44	-	-

■ GSCI Spot (Base: 1970=100)

Dec 20	Dec 10	month ago	year ago
200.35	196.87	187.94	173.91

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Dec	67.375	+0.300	67.400	66.650	1,363	1,519
Feb	67.275	-0.075	67.375	67.150	5,132	30,210

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Jul	53.725	+0.075	53.725	53.400	152	2,328
Aug	52.425	-0.025	52.475	52.200	49	1,822
Total					5,674	34,881

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	59.250	-0.225	59.725	58.650	2,237	5,133
Mar	59.100	-0.375	59.625	58.750	345	1,050
May	59.700	-0.550	60.600	59.650	72	502
Jul	60.900	-0.600	61.000	60.500	79	610
Aug	58.225	-0.500	58.600	58.500	9	174
Total					2,742	7,469

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Jan	Mar	Jan	Mar
1600	76	107	1	16
1700	10	46	35	54
1800	-	15	125	121
■ COPPER (Grade A) LME	Jan	Mar	Jan	Mar
2700	-	90	-	75
2800	73	49	11	132
2900	18	-	56	-
■ COFFEE LCE	Jan	Mar	Jan	Mar
1950	-	47	-	342
2000	-	40	-	385
2050	-	34	-	429
■ COCOA LCE	Mar	May	Mar	May
850	67	91	7	11
875	49	72	14	17
900	33	56	23	25
■ BRENT CRUDE IPE	Feb	Mar	Feb	Mar
1650	-	-	-	-
1700	-	78	4	-
1750	-	46	16	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Feb)		+or-
Dubai	$16.73-6.81w	-0.055
Brent Blend (dated)	$18.20-8.22	+0.200
Brent Blend (Feb)	$17.85-7.87	+0.100
W.T.I. (1pm est)	$18.92-8.93w	+0.025

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)		
Premium Gasoline	$170-172	
Gas Oil	$1771-78	+1
Heavy Fuel Oil	$104-106	+1
Naphtha	$159-161	-1
Jet fuel	$204-206	+3.5
Diesel	$180-182	+1.5

Petroleum Argus. Tel. London (0171) 386 8792

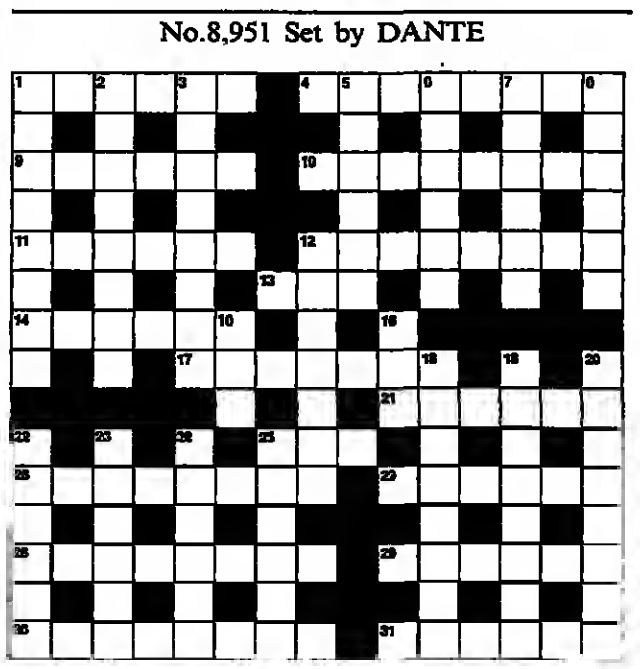
■ OTHER		
Gold (per troy oz)♣	$387.80	-0.15
Silver (per troy oz)♣	513.5c	-4.0
Platinum (per troy oz.)	$406.50	+1.25
Palladium (per troy oz.)	$130.75	+2.50
Copper	126.0c	
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	15.84m	
Tin (New York)	297.5c	+1.0
Cattle (live weight)†	121.11p	+2.00*
Sheep (live weight)†♠	115.95p	-0.82*
Pigs (live weight)†	108.35p	-4.35*
Lon. day sugar (raw)	$310.2	+4.4
Lon. day sugar (wte)	$369.0	+0.9
Barley (Eng. feed)	£117.75z	
Maize (US No3 Yellow)	$150.5z	
Wheat (US Dark North)	Unq	
Rubber (Jan)♥	105.50p	-0.50
Rubber (Feb)♥	105.50p	-0.50
Rubber (KL RSS No1)	395.5m	-8.0
Coconut Oil (Phil)§	$715.0y	-10.0
Palm Oil (Malay.)§	$580.0z	-15.0
Copra (Phil)§	480.0u	
Soyabeans (US)	213.0z	
Cotton Outlook'A' Index	86.85c	+0.20
Wooltops (64s Super)	440p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Dec. u Dec/Jan.♥ w Feb. y Jan/Feb. x Oct/Dec London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week † Prices are for previous day.

JOTTER PAD

CROSSWORD

No.8,951 Set by DANTE



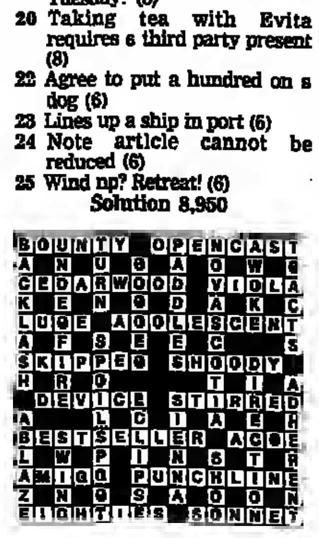
ACROSS

1 Leave on desert island in the shade (6)
4 A curreot measure in beer and scotch (5,3)
9 The way people eat (6)
10 Inaccurate shooting, but it can spread destruction (8)
11 Added recommendations for jockeys (6)
12 Traveller terribly wary about food (8)
13 The study of man (3)
14 Una is ill with sea sickness (6)
17 Brazilian city needs diplomacy for the control of civil disorder (4,3)
21 Lay on a party (6)
25 A shade too revolutionary for some (3)
26 Veteran convict? (3-5)
27 Domestic storm centre (6)
28 Very strong players at club (4,4)
29 He's in the firing line (6)
80 A bleared version probably isn't! (8)
81 Trade organisation about to start striking reaches agreement (6)

DOWN

1 Italian product, a Marconi invention (8)
2 A lot of money, though the total appears to be zero (5,3)
3 Spectator, a weekly publication (8)
5 I want a new name for Formosa (6)
6 Do get upset if included in my temper (6)
7 Rose is involved in basket work (6)
8 They hold an alternative view of things (6)
12 Come safely through the elements (7)
15 Suffer from partial failure (3)
16 A small court of law (3)
18 Changes in beat and reot are imminent (8)
19 Comes down badly on Shrove Tuesday? (8)
20 Taking tea with Evita requires s third party present (8)
22 Agree to put a hundred on s dog (6)
23 Lines up a ship in port (6)
24 Note article cannot be reduced (6)
25 Wind np? Retreat! (6)

Solution 8,950



INTERNATIONAL COMPANIES AND CAPITAL MARKETS

ASIA-PACIFIC NEWS DIGEST

Joyo Bank to take over credit union

One of Japan's largest regional banks is to take over e local credit union. It is understood that Joyo Bank, based in the Ibaraki prefecture, north-east of Tokyo, will ebsorb Ibaraki Chuo credit union next year.

The move is the latest in a series of liquidations of credit unions. In the last year, six have been closed or merged with bigger banks. Ibaraki Chuo had deposits of Y11bn ($108m) et the end of March this year, and loans of Y6.1bn.

Joyo Bank is the third largest of Japan's regional banks and one of the world's biggest 100 lenders, with total assets of more than Y7,500bn.

The finance ministry said there would be no contribution from the Deposit Insurance Corporation to the merger. The DIC is financed by premiums from all banks and has in the past advanced funds to assist with the takeover of smaller financial institutions.

Gerard Baker, Tokyo

Coles loses another director

Coles Myer, the large Australian retailer which was the focus of institutional investor unrest earlier this year over corporate governance standards, has lost another important member of its top executive team.

The company announced yesterday that Mr Peter Wilkinson, bead of its department stores group and group managing director of its oew "options shopping" divisioo, was leaving to become managing director of Just Jeans, the listed clothing retailer.

Mr Wilkinson, who had been with Coles for 18 years, was one of the three most senior executives in the business, and was also a Coles director. His departure follows that of Mr Bob Dalziel, another long-standing member of Coles top executive team, who moved to head Mayne Nickless, the transportation group, last mooth.

Nikki Tait, Sydney

Mitsubishi Chemical arms merge

Mitsubishi Chemical said it would set up a new chemical engineering company by merging its three subsidiaries, Mitsubishi Kasei Engineering, Mitsubishi Petrochemical Engineering, and Misuzu.

The new unit, Mitsubishi Chemical Engineering, will have an annual sales target of Y120bn ($1.1bn).

AFX News, Tokyo

Top-level change at HK bank

Mr Quo-Wei Lee is to retire as executive chairman of Hang Seng Bank, part of HSBC Holdings, with effect from March 1. The bank said he would become non-executive chairman from the same date. Mr Lee, 77, joined Hang Seng Bank in 1946 and has served as executive chairman for the past 13 years.

As non-executive chairman, he will continue to preside over the bank's board and sbarebolder meetings.

The bank said there were no immediate plans to appoint e oew executive chairman. The bank's managing director and chief executive, Mr Alexander Au, remains in his post.

Reuter, Hong Kong

First Asian bond insurer formed

By Peter Montagnon, Asia Editor

The Asian Development Bank bas teamed up with several Asian and US institutions to form the region's first bond insurance company.

Based in Singapore and capitalised at US$150m, the new company, ASIA Ltd, will insure the debt service payments on bonds issued by Asian borrowers, enhancing their credit rating and enabling them to borrow et lower cost.

This should help mobilise savings flows to finance the much needed development of Asian infrastructure as well as giving a boost to the region's nascent bond markets.

ASIA Ltd will facilitate the securitisation of expensive bank loans and the receivables of both financial and non-financial institutions, such as leasing and credit card companies.

The bank said it would contribute $20m to the new company's capital. CapMAC Asia, an affiliate of the US specialist bond insurer Capital Markets Assurance Corporation, will subscribe up to 30 per cent.

The rest will be provided by leading financial institutions, banks and insurance companies from the region, including the Government Investment Corporation of Singapore.

Member countries eligible for bond insurance will include those with investment grade ratings – China, Indie, Indonesia, Melaysie and Thailand – and those that are in the highest non-investment grade, a category which currently includes only the Philippines.

The activities of ASIA Ltd should lead to greater understanding of bond insurance in Asia, which may lead to the establishment of domestic bond insurance companies in individual countries, the bank said.

The development of bond markets in Asia is widely seen as essential if the demand for infrastructure finance is to be met.

In a report earlier this year, the World Bank said issues outstanding in the east Asian bond market could triple to $1,000bn within the next decade, bnt many bankers report that markets still lack the liquidity and range of quality issues needed to give them broad investor appeal.

Coeur d'Alene in agreed A$135m offer for Gasgoyne Gold Mines

By Nikki Tait in Sydney

Coeur d'Alene, the Idaho-based gold and silver producer with operations in North America, New Zealand and Chile, yesterday announced an agreed cash and shares offer for Gasgoyne Gold Mines, the Perth-based miner, worth about A$135m (US$100m).

The US group said the deal was "a first step in creating a major competitive gold company in tbe Australasian region". It already has an 80 per cent interest in the Golden Cross gold mine in New Zealand's North Island, but said the addition of Gasgoyne's management team would help establisb a more substantial business in the region.

Coeur d'Alene added that it planned to seek a listing for its own shares on the Australian Stock Exchange.

The terms of the deal are seven Coeur d'Alene shares and A$60,000 cash for every 100 Gasgoyne shares. This is said to be worth epproximately A$2.35 a share, based on recent Coeur d'Aleoe share prices and exchange rates.

The bidder has already acquired an option over 19.9 per cent of Gasgoyne's equity at a price of A$2.35 a share, from a private investment company owned by Mr Phil Crabb, Gasgoyne's chief executive, and his family.

Gasgoyne's main assets are a 50 per cent interest in the Yilgarn Star mine, ebout 370km east of Perth, and a 45 per cent holding in the Awak Mas gold project in south Sulewasi, Indonesia.

In the year to end-June, Gasgoyne's attributable gold production was 55,306 oz and its profit before tax A$13.4m. It also hes a number of exploration projects in Western Australia's eastern goldfields area, near Laverton and Norseman.

Granada, HTUK in financing deals

By Antonia Sharpe

Two big credit facilities, for Granada, the UK televisioo and leisure company, and Hutchison Telecommunications (HTUK), the operator of the Orange mobile pbone network in the UK, were completed yesterday.

A total of 16 banks participated in Granada's £2.5bn banking facility, in addition to the three arrangers and main underwriters, ABN Amro, Barclays Bank and Chemical Bank.

The three-year fecility will belp finance its £3.2bn hostile bid for Forte as well as refinance its own and Forte's existing debt.

The £1.2bn credit facility for HTUK, arranged by Chase Investment Bank and J.P. Morgan and syndicated to 49 banks, is an important step towards the group's flotation, which is expected to happen in the first quarter of next year.

HTUK's eight-year facility, which will meet all its foreseen future financing needs, is the largest non-recourse financing to date in the European mobile phone sector.

CBoT seeks rise in fees for non-members

By Laurie Morse in Chicago

The leadership of the Chicago Board of Trade has proposed raising non-member fees at the futures exchange by 30 per cent over the next three years, a plan that is expected to meet opposition from its members and member-firms, which have yet to approve the user fee increase.

The fee proposal comes as many of the world's futures exchanges are slashing costs and consolidating operations in efforts to serve customers more cheaply in a highly competitive environment. "A fee increase is just the wrong thing to do et this time," one exchange member said.

In a letter to members, Mr Patrick Arbor, CBoT chairman, said the increase would raise an additional $34.5m for tbe exchange over the next four years, and that without the added income, the CBoT would face an operating cash crisis by the end of 2001.

Urging members to approve the plan in a January 31 ballot, Mr Arbor said the lack of funding would imperil critical projects.

Economic data send long-dated Treasuries lower

By Lisa Bransten in New York and Richard Lapper in London

A new sign that the economy is strengthening sent longer-term US Treasuries lower in early trading yesterday as traders awaited developments in the budget debate in Washington.

Near midday, the benchmark 30-year Treasury was $\frac{11}{32}$ lower

GOVERNMENT BONDS

at $110\frac{1}{16}$, to yield 6.127 per cent. At the short end, the two-year note was unchanged at $99\frac{27}{32}$, yielding 5.317 per cent.

Bonds were stable to modestly higher in early trading, but moved lower at mid-morning after the Federal Reserve Bank of Philadelphia said its survey of regional manufacturers showed a sharp gain in general business conditions. Business conditions jumped from 7.9 in November to 21.5 in December on gains in new orders and shipments.

The news hit the long end particularly hard, where investors worried that inflation would erode the value of their investmsots. But economists noted that the overall report indicated that declines in such elements as number of employees and everage hours worked still pointed to modest growth.

In Washington, debate continued between the White House and Congress over how to balance the federal budget. Fears the two sides would not agree a credible deficit-cutting package have hit the market in recent sessions.

Also weighing on the market yesterday were worries about weak demand at an afternoon auction of $12bn in five-year notes. On Wednesday, poor demand at an auction of two-year notes, combined with growing acrimony in the budget debate in Washington, sent bonds sharply lower.

■ A surprise drop in the UK savings ratio to 8.6 per cent had little effect on the gilts markets, with activity slowing to a sluggish pace. The figures were part of third-quarter GDP. Profit-taking was blamed for underperformance against Germany, with the 10-year yield spread widening by 2 basis points to 159.

At Liffe, the March long gilt settled et $109\frac{21}{32}$, down ¾ and March short sterling moved 0.03 point lower at 93.77. Only 21,880 contracts were exchanged.

■ In quiet pre-boliday trading, German bunds closed slightly lower. The March 10-year future settled at 98.61, down 0.22. The March euromark contract lost 0.01 to 96.36.

■ The decision by the Bank of France to cut its five to ten day repo rate by 25 basis points to 5.85 per cent was largely anticipated by the market and failed to prevent underperformance against Germany.

The 10-year yield spread over the bund widened by 3 basis points to 64. At Matif, the March notionel futures contract settled at 119.44, down 0.40, while the same month's Pibor contract fell 0.08 to 94.76.

■ European high yielding bonds did well, with Spanish, Italian and Swedisb 10-year bonds all outperforming German bunds. Spanisb bonds closed higher on news the Bank of Spain will today cut its official rate of 9.25 per cent by 25 basis points. The 10-year yield spread over Germany fell by 5 basis points to 370.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	02/06	111.1200	-	8.35	8.26	9.68
Austria		6.500	11/05	100.5800	+0.110	9.42	6.45	9.91
Belgium		8.500	03/05	98.0900	-0.190	6.78	8.69	6.65
Canada *		8.750	12/05	109.9900	-0.400	7.32	7.31	7.62
Denmark		8.000	03/06	103.9800	-0.380	7.42	7.29	7.63
France	BTAN	7.750	04/00	106.7500	-0.140	5.92	5.91	9.33
	OAT	7.750	10/05	106.9100	-0.490	8.77	6.75	7.09
Germany Bund		6.500	10/05	102.7480	-0.210	6.12	8.04	8.33
Ireland		8.250	10/04	91.5500	-0.250	7.59	7.41	7.91
Italy		10.500	09/05	97.6600	-0.050	10.89†	11.01	11.42
Japan	No 129	9.400	03/00	119.5620	-0.370	1.48	1.33	1.47
	No 174	4.600	09/04	113.1420	-0.480	2.74	2.64	2.72
Netherlands		8.750	11/05	104.4500	-0.170	8.13	6.08	6.38
Portugal		11.875	02/05	111.2600	+0.070	9.93	10.03	10.97
Spain		10.150	01/06	101.1200	+0.170	8.81	9.92	10.65
Sweden		9.000	02/05	83.5580	+0.058	8.68	8.66	9.21
UK Gilts		8.000	12/00	104-19	-5/32	6.88	8.76	7.23
		9.500	12/05	106-17	-10/32	7.55	7.39	7.87
		9.000	10/08	110-15	-8/32	7.70	7.55	7.96
US Treasury *		5.875	11/05	100-24	-16/32	5.77	5.74	5.96
		6.875	08/25	110-05	-25/32	9.13	6.06	6.27
ECU (French Govt)		7.500	04/05	102.6400	-0.510	7.09	7.03	7.47

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	5.42	Two year	5.32
Prime rate	8½	Two month	5.17	Three year	5.38
Broker loan rate	7½	Three month	5.09	Five year	5.57
Fed.funds	$5\frac{11}{16}$	Six month	5.28	10-year	5.77
Fed.funds at intervention	5¾	One year	5.27	30-year	6.12

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FF500,000

[illegible]

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

[illegible]

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

[illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
9850	0.65	0.90	0.77	1.06	0.54	0.79	1.33	1.62
9900	0.41	0.65	0.58	0.86	0.80	1.04	1.64	1.92
9950	0.24	0.46	0.43	0.68	1.13	1.35	1.99	2.25

Est. vol. total, Calls 6660 Puts 9755. Previous day's open int., Calls 141933 Puts 118979

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	106.20	106.36	+0.06	106.61	105.90	9248	50819
Jun		105.96	+0.06			0	1092

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
10600	2.06	2.66	1.70	2.62
10650	1.71	2.34	1.85	2.88
10700	1.41	2.12	2.05	3.16

Est. vol. total, Calls 2657 Puts 214. Previous day's open int., Calls 40548 Puts 30508

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	94.68	94.99	+0.15	95.10	94.54	35,691	50,921

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	110-02	110-00	-0-12	110-06	109-26	4987	17544
Mar	109-24	109-21	-0-11	109-26	109-14	21905	126997

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
109	1-21	1-46	1-47	2-13	0-43	1-04	1-41	2-07
110	0-49	1-11	1-19	1-43	1-07	1-33	2-12	2-37
111	0-25	0-49	0-59	1-20	1-47	2-07	2-53	3-14

Est. vol. total, Calls 1262 Puts 1426. Previous day's open int., Calls 15234 Puts 13537

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	89.90	89.54	-0.46	89.90	89.54	1,342	5,728

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	119-07	119-05	-0-05	118-19	118-30	237,368	374,975
Jun	118-30	118-24	-0-03	119-02	118-20	625	18,363
Sep	118-11	118-06	-0-06	118-14	118-06	1,194	3,619

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	121.07			121.08	120.86	3019	0
Jun	119.64			119.94	119.48	265	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Dec 21	Day's change %	Wed Dec 20	Accrued interest	xd adj. ytd
1 Up to 5 years (23)	122.89	-0.08	123.00	1.70	10.77
2 5-15 years (21)	149.08	-0.28	149.50	1.55	12.47
3 Over 15 years (8)	166.14	-0.44	166.87	2.23	13.26
4 Irredeemables (6)	191.26	-0.39	192.00	1.83	13.71
5 All stocks (58)	144.23	-0.25	144.58	1.74	12.12

	Low coupon yield Dec 21	Dec 20	Yr. ago	Medium coupon yield Dec 21	Dec 20	Yr. ago	High coupon yield Dec 21	Dec 20	Yr. ago
5 yrs	6.97	6.93	9.49	6.98	8.94	8.46	7.05	7.01	8.68
15 yrs	7.74	7.68	8.34	7.78	7.73	8.49	7.84	7.80	8.71
20 yrs	7.82	7.77	8.31	7.84	7.79	8.49	7.89	7.85	8.64
Irred.†	7.89	7.86	8.37						

Index-linked	Thu Dec 21	Day's change %	Wed Dec 20	Accrued interest	xd adj. ytd
6 Up to 5 years (1)	196.04	-0.02	196.07	1.38	8.37
7 Over 5 years (11)	187.94	-0.19	188.30	0.61	5.47
9 All stocks (12)	197.99	-0.19	188.34	0.62	5.53

	Inflation 5% Dec 21	Dec 20	Yr. ago	Inflation 10% Dec 21	Dec 20	Yr. ago
Up to 5 yrs	2.52	2.51	3.96	1.26	1.26	2.67
Over 5 yrs	3.53	3.52	3.83	3.32	3.31	3.63

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Dec 21	Dec 20	Dec 19	Dec 18	Dec 15	Yr ago	High*	Low*
Govt. Secs. (UK)	95.38	95.66	95.53	95.93	96.10	91.77	98.22	90.22
Fixed interest	114.34	114.32	114.31	114.96	115.01	108.79	115.04	106.77

* for 1995. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Dec 20	Dec 19	Dec 18	Dec 15	Dec 14
Gilt Edged bargains	75.7	90.7	83.0	79.2	87.1
5-day average	83.2	85.5	83.1	80.9	81.1

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on December 21

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 5 97	1000	99⅛	99½		5.58
Abbey Natl Treasury 6½ 03	1000	101½	101¾	-⅛	6.23
ABN Amro Bank 7¼ 05	1000	106	106¼	-⅛	6.50
Sweden 8 97	2500	106⅞	107		4.10
United Kingdom 7¼ 97	5500	105⅝	105⅝	+⅛	3.91
Volkswagen Intl Fin 7 03	1000	103⅞	104	+⅛	6.32
World Bank 0 15	2000	28⅝	29	+½	6.46
Abbey Natl Treasury 8 05 £	1000	100⅞	101⅛	-⅛	7.83
Alliance Leics 11¾ 97 £	100	105	106⅜		6.62
British Land 8⅞ 23 £	150	94⅛	95	-⅛	9.69
Denmark 6¾ 98 £	800	103	100⅜		6.73

[illegible]

CONVERTIBLE BONDS

[illegible]

FLOATING RATE NOTES

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

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CURRENCIES AND MONEY

MARKETS REPORT

Currencies stuck in tight pre-Christmas ranges

By Philip Gawith

Currency markets had a predictably quiet day yesterday with little by way of news or statistical releases to disturb the pre-Christmas torpor.

The normal dealing room hum was replaced by roars which were reminiscent more of indoor cricket than markets with a daily turnover of $1.4trillion.

The most notable event was the Bank of Canada selling Canadian dollars to stem the rise against the dollar over the previous 48 hours. Analysts said the central bank did not want a stronger currency to negate the recent easing of monetary policy. The Canadian dollar finished in London at C$1.3608, from C$1.3697, against the dollar.

Elsewhere, the Polish central bank announced a six per cent revaluation in the zloty. The new central parity rates are 2.536 against the dollar, and 1.761 against the D-Mark.

The dollar finished in London at DM1.4402, from DM1.4434. Against the yen it closed at Y101.845, from Y101.935

In Europe the French franc reacted positively to the Bank of France's decision to cut the five-ten day lending rate to 5.85 per cent, from 6.1 per cent. It closed at FFr3.43 against the D-Mark, from FFr3.437. The intervention rate was left unchanged at 4.45 per cent.

Sterling was little changed at DM2.2165 and $1.5391.

■ It has been some years now since the New Year has brought good tidings for dollar bulls. The familiar pattern has been for analysts to predict a dollar rally, only to be disappointed.

■ Pound in New York

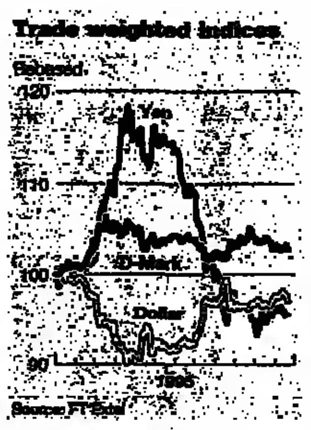
Dec 21	Latest	Prev. close
£ spot	1.5385	1.5390
1 mth	1.5374	1.5479
3 mth	1.5351	1.5358
1 yr	1.5260	1.5265

Those hoping that history will not repeat itself will take comfort from the fact that Mr Jim O'Neill, chief currency economist at Goldman Sachs, and a long-time dollar bear, is one who believes the dollar will be firmer in 1996. He argues that the dollar will trade in a DM1.34-1.68 and Y96-122 range, in 1996, with the strength concentrated in the first half of the year. His six month forecast is for DM1.55 and Y112, slipping back to DM1.45 and Y110 over a twelve month period.

Over the ten years since the Plaza accord, where leading industrial nations sought to make the dollar cheaper, the average annual trading range has been around 31 pfennigs (26 pfennigs in the 1990's), and 26 yen (28 yen in the 1990's).

In addition to fair value calculations supporting a firmer dollar, Mr O'Neill believes current account trends in 1996 will also help. He forecasts the US deficit shrinking to $148bn, or

Trade weighted indices



Source: FT Extel

1.9 per cent of GDP, from $164bn, or 2.2 per cent, while the Japanese surplus is seen falling substantially to $76.5bn, or 1.7 per cent, from $110bn, or 2.1 per cent.

The technical message is to buy dollars on weakness.

Another endorsement for the dollar comes from Mr John Calverley, chief economist at American Express Bank in London, who forecasts DM1.55 and Y110 in a year's time. Mr Calverley says analysis of four demand/supply factors point to a "modest upward trend".

First, trade trends will bring a smaller Japanese current account surplus. Second, investors are expected to face a smaller real yield advantage on German bonds in 1996, implying a weaker D-Mark, while Japanese investors are expected to invest more abroad. Offsetting this is a potential outflow of US funds once the US stock market peaks.

Third, if speculators wish to "short" the dollar, they will have to pay a price in the form of significantly lower short-term interest rates in D-Marks or yen. Finally, Mr Calverley believes central banks have established DM1.40 and Y100 as "floors" for the dollar, and will continue to defend them if necessary.

"As the dollar offers higher interest rates, speculators will naturally tend to take it up from these floors," he said.

■ The central bank said the Polish revaluation was "designed to slow the inflationary trend". Inflation, running at around 25 per cent per annum, is the main blot on what is otherwise "the star performing economy in Eastern Europe," said Mr Andrew Kenningham, economist at Merrill Lynch in London.

The revaluation takes place within the context of a crawling devaluation. The currency is allowed to devalue by 1.2 per cent per month against a basket of currencies, which amounts to a slow real appreciation, given inflation differentials with its trading partners.

■ OTHER CURRENCIES

Dec 21	£	$
Czech Rp	41.0417 - 41.0758	26.6730 - 26.6830
Hungary	209.918 - 210.082	136.420 - 136.470
Iran	4618.20 - 4616.10	3000.00 - 3000.00
Kuwait	0.4601 - 0.4611	0.2990 - 0.2995
Poland	3.9014 - 3.9047	2.5355 - 2.5365
Russia	7121.28 - 7121.11	4626.00 - 4628.00
U.A.E.	5.6515 - 5.6545	3.6729 - 3.6732

POUND SPOT FORWARD AGAINST THE POUND

Dec 21		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.5971	-0.0232	886 - 055	15.6302	15.5806	15.5536	3.3	15.5096	2.2	-	-	106.5
Belgium	(BFr)	45.5405	-0.0459	994 - 816	45.6380	45.4330	45.4365	2.8	45.2655	2.5	44.5556	2.2	109.1
Denmark	(DKr)	8.5916	-0.0141	875 - 960	8.6129	8.5744	8.5801	1.6	8.5628	1.4	8.5043	1.0	109.4
Finland	(FM)	6.7075	-0.0162	021 - 129	6.7210	6.6890	6.7031	0.6	6.695	0.7	-	-	86.9
France	(FFr)	7.6048	-0.0258	019 - 077	7.6228	7.5967	7.5996	0.8	7.5915	0.7	7.545	0.8	110.4
Germany	(DM)	2.2165	-0.0034	154 - 176	2.2215	2.2113	2.2119	2.5	2.2027	2.5	2.1624	2.4	111.8
Greece	(Dr)	366.538	-0.449	318 - 747	367.083	365.629	-	-	-	-	-	-	66.3
Ireland	(I£)	0.9671	-0.0021	663 - 679	0.9701	0.9654	0.9661	1.2	0.965	0.8	0.9616	0.6	97.4
Italy	(L)	2447.94	-2.79	623 - 965	2452.58	2441.44	2456.39	-4.1	2473.04	-4.1	2545.89	-4.0	71.1
Luxembourg	(LFr)	45.5405	-0.0459	994 - 816	45.6380	45.4330	45.4365	2.8	45.2555	2.5	44.5565	2.2	109.1
Netherlands	(Fl)	2.4817	-0.0038	807 - 826	2.4881	2.4772	2.4758	2.8	2.4654	2.6	2.4215	2.4	109.1
Norway	(NKr)	9.7907	-0.0149	827 - 987	9.8542	9.7241	9.7808	1.2	9.7591	1.3	9.6779	1.2	98.1
Portugal	(Es)	231.889	-0.78	759 - 018	232.783	231.519	232.314	-2.2	233.219	-2.3	-	-	95.2
Spain	(Pta)	187.664	-0.672	583 - 745	188.099	187.243	188.149	-3.1	189.094	-3.0	193.319	-3.0	82.2
Sweden	(SKr)	10.2501	+0.0285	413 - 589	10.2735	10.1986	10.252	-0.2	10.2556	-0.2	10.2706	-0.2	87.0
Switzerland	(SFr)	1.7836	+0.0016	827 - 845	1.7845	1.7775	1.7771	4.4	1.7641	4.4	1.7083	4.2	116.0
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	82.8
Ecu	-	1.2073	-0.0006	067 - 078	1.2080	1.2066	1.2062	1.1	1.2041	1.1	1.196	0.8	-
SDR†	-	1.036700	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5388	+0.001	384 - 392	1.5422	1.5364	-	-	-	-	-	-	-
Brazil	(R$)	1.4926	+0.0031	921 - 931	1.4950	1.4895	-	-	-	-	-	-	-
Canada	(C$)	2.0943	-0.0123	934 - 951	2.1091	2.0940	2.0928	0.8	2.0917	0.5	2.0874	0.3	84.1
Mexico	(New Peso)	11.6507	+0.0685	326 - 387	11.6705	11.6013	-	-	-	-	-	-	-
USA	($)	1.5391	+0.0011	387 - 394	1.5425	1.5366	1.5381	0.8	1.536	0.8	1.5272	0.8	93.8
Pacific/Middle East/Africa													
Australia	(A$)	2.0735	-0.002	723 - 747	2.0808	2.0712	2.075	-0.9	2.0788	-1.0	2.0953	-1.1	85.6
Hong Kong	(HK$)	11.9007	+0.0054	972 - 042	11.9294	11.8844	11.8936	0.7	11.8856	0.5	11.859	0.3	-
India	(Rs)	53.8360	+0.0521	468 - 252	53.9260	53.7468	-	-	-	-	-	-	-
Israel	(Shk)	4.9031	+0.0708	980 - 082	4.9103	4.8338	-	-	-	-	-	-	-
Japan	(Y)	156.745	-0.031	655 - 834	157.100	156.390	155.91	6.4	154.405	6.0	148.065	5.5	142.7
Malaysia	(M$)	3.9054	-0.0073	037 - 070	3.9223	3.9037	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3592	+0.0015	574 - 610	2.3632	2.3567	2.3621	-1.5	2.3691	-1.7	2.3933	-1.4	101.1
Philippines	(Peso)	40.3809	+0.0229	986 - 631	40.3831	40.285	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7721	+0.004	704 - 738	5.7847	5.7638	-	-	-	-	-	-	-
Singapore	(S$)	2.1766	+0.0003	753 - 778	2.1811	2.1746	-	-	-	-	-	-	-
South Africa	(R)	5.6364	+0.0015	340 - 388	5.6478	5.6313	-	-	-	-	-	-	-
South Korea	(Won)	1198.84	+2.04	849 - 919	1190.16	1187.02	-	-	-	-	-	-	-
Taiwan	(T$)	42.0700	+0.0216	573 - 826	42.1689	42.0060	-	-	-	-	-	-	-
Thailand	(Bt)	38.7379	+0.011	137 - 621	38.8250	38.6920	-	-	-	-	-	-	-

† Rates for Dec 20. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 21		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.1342	-0.022	310 - 374	10.1420	10.1165	10.1187	1.9	10.0927	1.8	9.9892	1.4	106.4
Belgium	(BFr)	29.5900	-0.05	700 - 100	29.6100	29.5650	29.538	2.1	29.45	1.9	29.145	1.5	108.6
Denmark	(DKr)	5.5825	-0.013	810 - 840	5.5910	5.5690	5.5787	0.8	5.5725	0.7	5.59	-0.1	108.5
Finland	(FM)	4.3582	-0.0129	557 - 607	4.3664	4.3297	4.3532	1.4	4.3445	1.3	4.3157	1.0	96.0
France	(FFr)	4.9413	-0.0201	405 - 420	4.9553	4.9345	4.9448	-0.8	4.9523	-0.9	4.9638	-0.5	100.8
Germany	(DM)	1.4402	-0.0032	398 - 405	1.4419	1.4365	1.438	1.6	1.4334	1.9	1.4142	1.6	110.6
Greece	(Dr)	238.155	-0.465	070 - 240	238.400	237.440	239.88	-8.7	243.08	-8.3	256.555	-7.7	65.7
Ireland	(I£)	1.5914	+0.0045	904 - 924	1.5945	1.5858	1.5916	-0.3	1.5923	-0.2	1.5884	0.2	-
Italy	(L)	1590.55	-2.9	980 - 130	1594.25	1587.00	1597.4	-5.2	1609.45	-4.8	1667.55	-4.8	70.6
Luxembourg	(LFr)	29.5900	-0.05	700 - 100	29.6100	29.5550	29.538	2.1	29.45	1.9	29.145	1.5	108.6
Netherlands	(Fl)	1.6125	-0.0035	122 - 127	1.6178	1.6091	1.6094	2.3	1.6043	2.0	1.585	1.7	109.4
Norway	(NKr)	6.3616	-0.014	578 - 653	6.4030	6.3205	6.3594	0.4	6.3511	0.7	6.3341	0.4	97.2
Portugal	(Es)	150.670	-0.81	620 - 720	150.850	150.500	151.045	-3.0	151.815	-3.0	155.42	-3.2	95.1
Spain	(Pta)	121.935	-0.52	910 - 960	122.150	121.760	122.33	-3.9	123.065	-3.7	126.555	-3.8	81.6
Sweden	(SKr)	6.6600	+0.014	558 - 642	6.6774	6.6131	6.6771	-3.1	6.7065	-2.8	6.844	-2.8	86.8
Switzerland	(SFr)	1.1589	+0.0004	586 - 592	1.1595	1.1547	1.1553	3.7	1.1486	3.6	1.1202	3.3	115.6
UK	(£)	1.5391	+0.0011	387 - 394	1.5425	1.5366	1.5381	0.8	1.536	0.8	1.5272	0.8	82.2
Ecu	-	1.2749	+0.0016	746 - 751	1.2784	1.2734	1.2752	-0.3	1.2755	-0.2	1.2762	-0.1	-
SDR†	-	0.67360	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9991	-	-	-	-	-	-	-
Brazil	(R$)	0.9698	+0.0013	697 - 698	0.9699	0.9687	-	-	-	-	-	-	-
Canada	(C$)	1.3608	-0.0089	605 - 610	1.3678	1.3603	1.3608	0.0	1.3613	-0.1	1.3662	-0.4	82.8
Mexico	(New Peso)	7.5700	+0.04	600 - 900	7.5800	7.5700	7.5723	-0.4	7.5755	-0.3	7.5803	-0.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	95.0
Pacific/Middle East/Africa													
Australia	(A$)	1.3472	-0.0021	468 - 477	1.3479	1.3468	1.3492	-1.6	1.3527	-1.6	1.3714	-1.8	86.4
Hong Kong	(HK$)	7.7325	-0.0016	320 - 330	7.7345	7.7320	7.7332	-0.1	7.735	-0.1	7.762	-0.4	-
India	(Rs)	34.9800	+0.01	300 - 300	35.0900	34.9300	35.13	-5.1	35.435	-5.2	36.905	-5.5	-
Israel	(Shk)	3.1856	+0.0439	832 - 884	3.1898	3.1351	-	-	-	-	-	-	-
Japan	(Y)	101.845	-0.09	810 - 880	101.950	101.780	101.33	6.1	100.465	5.3	96.92	4.6	142.2
Malaysia	(M$)	2.5375	-0.0065	370 - 380	2.5440	2.5370	2.5384	-0.4	2.5445	-1.1	2.568	-1.2	-
New Zealand	(NZ$)	1.5328	-	321 - 337	1.5337	1.5321	1.5359	-2.4	1.5417	-2.3	1.5663	-2.2	-
Philippines	(Peso)	26.2050	-0.003	900 - 200	26.2200	26.1900	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	+0.0001	502 - 507	3.7507	3.7502	3.751	-0.1	3.7517	-0.1	3.755	-0.1	-
Singapore	(S$)	1.4142	-0.0008	137 - 147	1.4155	1.4137	1.4106	3.0	1.4046	2.7	1.3792	2.5	-
South Africa	(R)	3.6623	-0.0015	615 - 630	3.6660	3.6615	3.6903	-9.2	3.7414	-8.6	3.9833	-8.8	-
South Korea	(Won)	772.450	+0.8	400 - 500	772.500	771.700	775.45	-4.7	778.95	-3.4	797.45	-3.2	-
Taiwan	(T$)	27.3350	-0.0045	330 - 370	27.3410	27.3330	27.355	-0.9	27.395	-0.9	-	-	-
Thailand	(Bt)	25.1700	-0.01	600 - 900	25.1830	25.1600	25.2686	-4.7	25.4725	-4.8	26.355	-4.7	-

† SDR rate per $ for Dec 20. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Dec 20: Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

December 21	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	3⅞	3¼	3⅛	3⅛	3⅛	7.00	3.00	-
week ago	3⅞	3⅜	3⅜	3⅛	3⅛	7.00	3.00	-
France	4⅝	5¼	5⅛	5⅛	5⅛	4.45	-	5.85
week ago	5⅛	5¼	5⅛	5⅛	4⅞	4.70	-	6.10
Germany	3⅝	4	3⅝	3⅝	3⅝	5.00	3.00	3.75
week ago	3½	4	3⅝	3⅝	3⅝	5.00	3.00	3.95
Ireland	5⅞	5½	5½	5⅜	5⅜	-	-	6.25
week ago	5⅝	5½	5⅜	5½	5⅜	-	-	6.25
Italy	10⅝	10⅝	10⅝	10⅝	10⅝	-	9.00	10.67
week ago	10⅝	10⅝	10⅝	10⅝	10⅝	-	9.00	10.51
Netherlands	3⅜	3½	3½	3½	3½	-	3.50	3.40
week ago	3½	3½	3½	3½	3½	-	3.50	3.40
Switzerland	1⅝	2⅛	1⅞	1⅞	1⅞	5.00	2.00	-
week ago	1	2⅛	1⅞	1⅞	1⅞	5.00	2.00	-
US	5½	5⅞	5⅝	5⅝	5⅝	-	5.25	-
week ago	5⅝	5⅞	5⅞	5⅝	5½	-	5.25	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5¾	5⅝	5⅝	5⅝	-	-	-
week ago	-	5¾	5⅞	5⅝	5⅝	-	-	-
US Dollar CDs	-	5.13	5.25	5.25	5.20	-	-	-
week ago	-	5.13	5.32	5.31	5.26	-	-	-
ECU Linked Ds	-	5⅛	5⅛	5⅛	5⅛	-	-	-
week ago	-	5⅛	5⅛	5⅛	5	-	-	-
SDR Linked Ds	-	3⅞	3⅞	3¾	3⅞	-	-	-
week ago	-	3⅞	3⅞	3¾	3⅞	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Dec 21	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3⅞ - 3¾	3⅞ - 3¾	3⅞ - 3¾	3⅞ - 3¾	3⅞ - 3⅞	3⅞ - 3⅞
Danish Krone	4⅞ - 4⅞	5⅛ - 4⅞	5 - 4¾	4⅞ - 4⅞	5 - 4¾	5 - 4¾
D-Mark	3⅞ - 3⅞	3¾ - 3⅝	4⅛ - 3⅞	3⅞ - 3¾	3¾ - 3⅝	3⅞ - 3⅝
Dutch Guilder	3⅝ - 3⅞	3⅝ - 3⅞	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3⅝
French Franc	5⅛ - 4⅞	5⅞ - 5⅞	5¼ - 5⅛	5⅛ - 5⅛	5⅛ - 5⅛	5¼ - 5⅛
Portuguese Esc.	8⅞ - 8⅞	8⅞ - 8⅞	8¾ - 8⅝	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞
Spanish Peseta	9¼ - 9⅛	9⅛ - 9⅛	9⅛ - 9	9⅛ - 8⅞	9 - 8⅞	9 - 8⅞
Sterling	6½ - 6⅜	6⅞ - 6⅝	6⅞ - 6⅞	6½ - 6⅞	6⅞ - 6⅝	6⅞ - 6⅝
Swiss Franc	1⅞ - 1⅞	1⅞ - 1⅞	2¼ - 2⅛	2 - 1⅞	1⅞ - 1⅞	1⅞ - 1¾
Can. Dollar	5¾ - 5⅝	5¾ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅞
US Dollar	5¾ - 5⅝	5⅝ - 5½	5⅞ - 5⅝	5⅝ - 5½	5½ - 5⅜	5⅜ - 5¼
Italian Lira	10⅞ - 10⅝	10⅞ - 10⅞	10⅞ - 10⅝	10⅝ - 10⅝	10⅝ - 10⅝	10⅝ - 10¼
Yen	½ - ⅜	⅜ - ⅛	⅜ - ⅛	⅜ - ¼	⅜ - ⅛	⅜ - ¼
Asian $Sing	1¾ - 1⅝	2¾ - 2⅝	2⅝ - 2½	2⅝ - 2½	2⅝ - 2½	2⅞ - 2⅞

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.85	94.76	-0.08	94.89	94.71	21,257	48,534
Jun	95.05	95.02	-0.02	95.08	94.95	5,335	39,721
Sep	95.07	95.02	-0.05	95.07	94.98	2,802	26,370

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.39	96.36	-0.03	96.39	96.35	10523	182158
Jun	96.48	96.45	-0.04	96.48	96.44	7962	137787
Sep	96.44	96.43	-0.03	96.45	96.42	4505	110953
Dec	96.28	96.27	-0.03	96.29	96.27	3000	114144

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	89.86	89.86	-	89.88	89.83	4045	40009
Jun	90.20	90.24	+0.01	90.29	90.20	1176	21422
Sep	90.35	90.37	+0.01	90.39	90.35	180	12050
Dec	90.38	90.37	-0.01	90.38	90.38	20	6286

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.23	98.20	-0.03	98.23	98.18	2453	21956
Jun	98.25	98.23	-0.03	98.25	98.23	638	12763
Sep	98.16	98.16	-0.01	98.18	98.14	6	5726
Dec		97.98	-0.01			0	422

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.94	94.94	+0.01	94.96	94.92	947	6603
Jun	95.01	95.05	+0.01	95.07	95.01	151	4511
Sep	95.01	95.03	+0.01	95.06	95.01	71	2257
Dec	94.92	94.90	-0.01	94.92	94.91	25	1518

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
8975	0.42	0.80	1.03	0.31	0.31	0.41
9000	0.30	0.94	0.87	0.44	0.40	0.50
9025	0.20	0.50	0.72	0.59	0.51	0.60

Est. vol. total, Calls 550 Puts 4. Previous day's open int., Calls 6793 Puts 4485

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Dec 21		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.87	16.70	4.868	2.123	5378	5.450	21.50	509.0	411.9	22.51	3.915	2.196	4.598	3.379	344.1	2.650
Denmark	(DKr)	53.00	10	8.850	2.580	1.125	2848	2.889	11.40	269.8	218.3	11.93	2.075	1.164	2.437	1.791	182.4	1.405
France	(FFr)	59.89	11.30	10	2.916	1.272	3218	3.264	12.88	304.8	246.7	13.48	2.345	1.315	2.754	2.024	206.1	1.587
Germany	(DM)	20.54	3.876	3.430	1	0.436	1104	1.120	4.416	104.6	84.62	4.623	0.804	0.451	0.945	0.694	70.68	0.544
Ireland	(I£)	47.09	8.885	7.863	2.293	1	2531	2.567	10.13	239.7	194.0	10.60	1.844	1.034	2.165	1.592	162.0	1.248
Italy	(L)	1.861	0.351	0.311	0.091	0.040	100.	0.101	0.400	9.473	7.667	0.418	0.073	0.041	0.086	0.063	6.404	0.049
Netherlands	(Fl)	18.35	3.462	3.064	0.893	0.390	985.9	1	3.945	93.39	75.58	4.130	0.718	0.403	0.844	0.620	63.13	0.486
Norway	(NKr)	46.51	8.775	7.766	2.264	0.988	2499	2.535	10	236.7	181.6	10.47	1.821	1.021	2.139	1.572	160.0	1.233
Portugal	(Es)	19.65	3.707	3.280	0.956	0.417	1056	1.071	4.224	100.	80.93	4.422	0.769	0.431	0.903	0.664	67.60	0.521
Spain	(Pta)	24.28	4.580	4.053	1.182	0.515	1304	1.323	5.219	123.6	100.	5.464	0.950	0.533	1.116	0.820	83.53	0.643
Sweden	(SKr)	44.43	8.382	7.419	2.163	0.943	2387	2.421	9.552	226.1	183.0	10	1.740	0.976	2.043	1.501	152.9	1.178
Switzerland	(SFr)	25.54	4.816	4.265	1.243	0.542	1372	1.392	5.491	130.0	105.2	5.749	1	0.561	1.174	0.863	87.89	0.677
UK	(£)	45.54	8.592	7.604	2.217	0.967	2447	2.482	9.791	231.8	187.6	10.25	1.783	1	2.094	1.539	156.7	1.207
Canada	(C$)	21.75	4.103	3.631	1.059	0.462	1169	1.185	4.676	110.7	89.59	4.895	0.851	0.478	1	0.735	74.83	0.576
US	($)	29.59	5.583	4.941	1.441	0.628	1590	1.613	6.362	150.6	121.9	6.660	1.159	0.650	1.361	1	101.8	0.784
Japan	(Y)	29.06	5.483	4.853	1.415	0.617	1562	1.584	6.248	147.9	119.7	6.541	1.138	0.638	1.336	0.982	100.	0.770
Ecu		37.73	7.116	6.300	1.837	0.801	2027	2.056	8.112	192.0	155.4	8.492	1.477	0.829	1.735	1.275	129.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6968	0.6971	+0.0001	0.6998	0.6964	16,673	48,809
Jun	0.7000	0.7000	-	0.7017	0.6999	6	2,865
Sep	-	0.7027	-	-	-	2	1,085

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8709	0.8697	-0.0020	0.8746	0.8693	7,379	38,103
Jun	0.8783	0.8778	-0.0015	0.8791	0.8775	9	906
Sep	-	0.8851	-	-	0.8851	1	87

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.9937	0.9953	+0.0009	0.9965	0.9932	7,234	54,965
Jun	-	1.0067	-	-	-	2	744
Sep	-	1.0190	-	-	-	1	157

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.5356	1.5380	+0.0016	1.5392	1.5358	4,393	32,725
Jun	-	1.5330	+0.0014	1.5330	-	9	23
Sep	-	1.5300	+0.0014	1.5300	-	6	6

UK INTEREST RATES

LONDON MONEY RATES

Dec 21	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7 - 5	6⅝ - 6⅞	6⅝ - 6⅞	6⅝ - 6⅞	6⅜ - 6¼	6⅜ - 6¼
Sterling CDs	-	-	6⅞ - 6⅞	6⅞ - 6⅞	6⅝ - 6⅞	6¼ - 6⅜
Treasury Bills	-	-	6⅞ - 6¼	6⅝ - 6⅞	-	-
Bank Bills	-	-	6⅞ - 6⅞	6⅝ - 6⅞	6⅝ - 6⅞	-
Local authority deps.	6⅝ - 6⅞	6⅞ - 6⅞	6⅝ - 6⅞	6⅝ - 6⅞	6⅜ - 6¼	6⅜ - 6¼
Discount Market deps	6⅞ - 6⅜	6½ - 6⅜	-	-	-	-

UK clearing bank base lending rate 6½ per cent from December 13, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¾	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc. Ave. tender rate of discount 6.1751pc. ECGD fixed rate Stlg. Export Finance. Make up day Nov 30, 1995. Agreed rate for period Dec 26, 1995 to Jan 23, 1996, Schemes II & III 7.09pc. Reference rate for period Nov 1, 1995 to Nov 30, 1995, Schemes IV & V 6.726pc. Finance House Base Rate 7pc from December 1, 1995

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.78	93.77	-0.03	93.81	93.76	11012	92131
Jun	93.92	93.90	-0.04	93.93	93.89	8801	59893
Sep	93.92	93.91	-0.05	93.95	93.91	4024	50916
Dec	93.79	93.78	-0.05	93.83	93.77	2533	34795
Mar	93.62	93.61	-0.05	93.65	93.60	2354	31215

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
9375	0.15	0.33	0.44	0.13	0.16	0.26
9400	0.05	0.20	0.31	0.28	0.30	0.40
9425	0.01	0.11	0.20	0.49	0.46	0.54

Est. vol. total, Calls 2150 Puts 847. Previous day's open int., Calls 91518 Puts 84421

EMS EUROPEAN CURRENCY UNIT RATES

Dec 21	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.10712	+0.00057	-2.09	5.75	16
Spain	162.493	159.356	-0.259	-1.93	5.58	13
Belgium	39.3960	38.6538	-0.0011	-1.88	5.53	14
Germany	1.91007	1.88143	+0.0008	-1.50	5.12	18
Austria	13.4383	13.2389	+0.0071	-1.48	5.09	11
Denmark	7.28580	7.29257	+0.00313	0.09	3.44	-1
Portugal	195.792	196.815	-0.327	0.52	3.00	-4
France	6.40608	6.46190	-0.0064	0.87	2.65	-7
Ireland	0.792214	0.820266	-0.000564	3.54	0.00	-24
NON ERM MEMBERS						
Greece	292.867	311.190	-0.058	6.26	-2.58	-
Italy	2106.15	2077.52	+1.4	-1.36	4.97	-
UK	0.786652	0.848498	+0.001068	7.86	-4.01	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	Calls Jan	Calls Feb	Calls Mar	Puts Jan	Puts Feb	Puts Mar
1.520	2.01	3.37	3.35	0.46	1.08	2.17
1.530	1.36	2.72	3.07	0.83	1.44	2.38
1.540	0.88	2.20	2.38	1.34	1.77	3.09
1.550	0.50	1.72	1.96	1.98	2.29	3.67
1.560	0.29	1.27	1.58	2.68	2.83	4.11
1.570	0.16	0.94	1.14	3.52	3.49	5.14

Previous day's vol., Calls 1,829 Puts 2,811. Prev. day's open int., Calls 137,352 Puts 198,864

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.63	94.61	-0.03	94.64	94.62	95,422	449,057
Jun	94.86	94.84	-	94.87	94.83	81,477	397,297
Sep	94.87	94.84	-0.02	94.87	94.84	48,142	245,422

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	95.08	95.07	-	95.10	95.07	1,006	7,487
Jun	95.29	95.27	-0.03	95.29	95.27	1,053	3,575
Sep	-	95.31	-	-	-	67	74

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	Calls Jan	Calls Feb	Calls Mar	Calls Jun	Puts Jan	Puts Feb	Puts Mar	Puts Jun
9625	0.13	0.16	0.16	0.32	0.02	0.05	0.06	0.12
9650	0.02	0.04	0.05	0.18	0.16	0.16	0.19	0.23
9675	0	0.01	0.01	0.08	0.39	0.40	0.40	0.38

Est. vol. total, Calls 325 Puts 325. Previous day's open int., Calls 190761 Puts 211578

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
9800	0.27	0.34	0.38	0.07	0.11	0.22
9825	0.11	0.19	0.23	0.16	0.21	0.32
9850	0.04	0.08	0.12	0.34	0.35	0.46

Est. vol. total, Calls 0 Puts 11. Previous day's open int., Calls 5990 Puts 2697

BASE LENDING RATES

	%		%		%
Adam & Company	6.50	Duncan Lawrie	6.50	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Allied Trust Bank	6.50	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.50	●Singer & Friedlander	6.50
●Henry Ansbacher	6.50	●Robert Fleming & Co	6.50	●Smith & Williamson Secs.	6.50
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.50	●Guinness Mahon	6.50	United Bank of Kuwait	6.75
Bank of Cyprus	6.50	Habib Bank AG Zurich	6.50	Unity Trust Bank Plc	6.50
Bank of Ireland	6.50	●Hambros Bank	6.50	Western Trust	6.50
Bank of India	6.50	Heritable & Gen Inv Bk.	6.75	Whiteaway Laidlaw	6.50
Bank of Scotland	6.50	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.50	C. Hoare & Co	6.50		
Brit Bk of Mid East	6.50	Hongkong & Shanghai	6.50	● Members of London Investment Banking Association	
●Brown Shipley & Co Ltd	6.50	Julian Hodge Bank	6.75	* In administration	
Citibank NA	6.50	●Leopold Joseph & Sons	6.50		
Clydesdale Bank	6.50	Lloyds Bank	6.50		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.50		
Coutts & Co	6.50	Midland Bank	6.50		
Credit Lyonnais	6.50	* Mount Credit Corp	6.50		
Cyprus Popular Bank	6.75	NatWestminster	6.50		
		●Rea Brothers	6.50		

Coventry Building Society

£100,000,000
Floating rate notes 1997

Notice is hereby given that for the interest period 20 December 1995 to 20 March 1996 the notes will carry an interest rate of 6.67969% per annum. Interest payable on 20 March 1996 will amount to £166.08 per £10,000.00 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

NBD BANCORP, INC

US$100,000,000
Floating rate subordinated notes due 2005

Notice is hereby given that for the interest period 22 December 1995 to 22 March 1996 the interest rate has been fixed at 5.8125%. Interest payable on 22 March 1996 will amount to US$146.93 per US$10,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

DAIWA INDUSTRIES LTD.
Notice of an adjourned Meeting
of the holders of the outstanding
US$50,000,000 1 1/8 per cent. Guaranteed Bonds 1997
with Warrants to subscribe for shares of
common stock of Daiwa Industries Ltd.

Notice is hereby given that a Meeting of the holders of the above Notes (the "Noteholders") convened by Daiwa Industries, Ltd (the "Issuer") on 21st December, 1995 by the notice published in the Financial Times and the Luxemburger Wort on 29th November, 1995 was adjourned through lack of a quorum and that the adjourned meeting of Bondholders will be held at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA on Monday, 15th January, 1996 at 10.45 am (London time) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed dated 2nd December, 1993 (the "Trust Deed") made between the Issuer, The Sakura Bank, Limited and Daiwa Bank Trust Company (the "Trustee").

EXTRAORDINARY RESOLUTION

"That this Meeting of the holders of the outstanding US $50,000,000 1 1/8 per cent. Guaranteed Bonds 1997 (the "Bonds") with Warrants to subscribe for shares of common stock of Daiwa Industries Ltd. (the "Issuer") constituted by a Trust Deed dated 2nd December, 1993 (the "Trust Deed") made between the Issuer, The Sakura Bank, Limited and Daiwa Bank Trust Company (the "Retiring Trustee") HEREBY RESOLVES THAT:
i) the appointment of Mitsubishi Bank Trust Company of New York (the "New Trustee") in place of the Retiring Trustee by the Issuer pursuant to a Deed of Appointment and Retirement of Trustee (the "Deed") to be dated on or about 16th January, 1996, and entered into by the Issuer, The Sakura Bank, Limited, the Retiring Trustee and the New Trustee be approved;
ii) the Issuer be authorised to enter into the Deed; and
iii) every abrogation, modification, variation, compromise or arrangement in respect of the rights of the Bondholders and the holders of the Coupons relating to the Bonds against the Issuer involved in or resulting from the terms of paragraphs i) and ii) of this resolution be sanctioned."

AVAILABILITY OF DOCUMENTS

Copies of the Trust Deed, a draft Deed of Appointment and Retirement of Trustee, the Paying and Warrant Agency Agreement dated 2nd December, 1993, a draft Supplemental Agency Agreement to amend the Paying and Warrant Agency Agreement and a draft legal opinion of Linklaters & Paines may be inspected at, and voting certificates may be obtained from, the specified office of any of the Paying Agents given below.

VOTING AND QUORUM

1. Bondholders' attention is drawn to the contents of the notice published in the Financial Times and the Luxemburger Wort on 29th November, 1995.
2. The quorum required at the adjourned Meeting will be two or more persons present holding Bonds or voting certificates or being proxies (whatever the principal amount of the Bonds so held or represented).
3. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three quarters of the votes cast. If passed, the Extraordinary Resolution will be binding on all the Bondholders, whether or not present at such Meeting, and upon all the holders of the Coupons relating to the Bonds.

Trustee
Daiwa Bank Trust Company
75 Rockefeller Plaza
New York, N.Y. 10019

Paying Agents

Sakura Trust International Limited, Ground and First Floors, 8 Broadgate, London EC2M 2RQ
Sakura Bank (Luxembourg) S.A., 33 Boulevard du Prince Henri, L-1724 Luxembourg
Morgan Guaranty Trust Company of New York, 35 Avenue des Arts, B-1040 Brussels

22nd December, 1995 — Daiwa Industries Ltd.

COFINOGA
FRF 1,000,000,000
FLOATER EIGHTEEN MONTH NOTES DUE 1997
ISIN CODE XS0062049969

For the period December 20, 1995 to March 20, 1996
the new rate has been fixed at 5.4375 % P.A.
Next payment date : March 20, 1996
Coupon n° 1
Amount :
FRF 137,45 on each
FRF 10 000 Principal Amount of the Notes

THE FISCAL AGENT
SOGENAL
SOCIETE GENERALE PARIS GROUP
15, Avenue Emile Reuter
LUXEMBOURG

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS IN
KOMATSU LTD.

EDR holders are informed of a dividend to holders of record date September 30, 1995. The cash dividend payable is Yen 4.0 per common stock of Yen 50.00 per share. EDR holders may now present Coupon No. 54 for payment to the undermentioned agents. Payment of the dividend with a 15% withholding tax is subject to receipt of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving benefit of the reduced withholding rate. Failing receipt of a valid affidavit Japanese tax will be deducted at the rate of 20% of the gross dividend payable. The full rate of 20% will also be applied to any dividend claimed after April 30, 1996.

EDR Denomination	Gross Dividend	Dividend Payable less 15% Japanese withholding tax	Dividend Payable less 20% Japanese withholding tax
1,000 shares	$39.54	$33.61	$31.63

Depositary: Citibank, N.A., 336 Strand, London WC2R 1HB
Agent: Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg

December 22, 1995

Crystal Castle Euro-Finance Limited
U.S. $150,000,000
Guaranteed Asset-Backed
Floating Rate Notes Due 1999

In accordance with the terms and conditions of the Notes, notice is hereby given that the interest rate for the Interest Period from 21st December, 1995 to 21st March, 1996 is 6.175% per annum. The Coupon Amount payable on the 21st March, 1996 for Notes with original principal amounts of U.S. $10,000 is U.S. $156.09.

Bankers Trust Company, London — Agent Bank

NATIONAL BANK OF CANADA
US$ 150,000,000 Floating Rate
Subordinated Capital Debentures due 2087
the «Debentures»

In accordance with the Terms and Conditions of the above-mentioned Debentures, notice is hereby given that the Board of Directors of the National Bank of Canada (the «Bank») has increased on December 7, 1995 the quarterly regular dividend on each Common Share of the Bank, for the quarter ending January 31, 1996 and payable on February 1, 1996 from Cdn$ 0.10 to Cdn$ 0.115.

Consequently, pursuant to clause (g) *Adjustment of Rate of Interest* of paragraph *Interest* of the Terms and Conditions of the Debentures, the Rate of Interest has been adjusted in accordance with the following formula:

$$\text{Adjusted Rate of Interest} = \frac{\text{Regular dividend declared}}{\text{Reference dividend}} \times \text{Rate of Interest}$$

Where: «Reference Dividend» is equal to Cdn$ 0.20
«Regular dividend declared» is equal to Cdn$ 0.115

Consequently, the Rate of Interest as adjusted pursuant to the above will be:

0.575 x Rate of Interest

The Rate of Interest shall continue to be adjusted according to the above formula until the Interest Period next following that in which the last dividend declared by the Bank on the Common Shares is equal to or greater than the Reference Dividend.

Kredietbank S.A. Luxembourgeoise in its capacity as Reference Agent for the Debentures will adjust the Rate of Interest for the subsequent Interest Periods, the first one starting on February 29, 1996.

The Reference Agent
Kredietbank Luxembourg

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or –	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 2nd Pf		50½xf	—	98	50¼	6.51	15.8	–
Cater Allen	$†v	405xd	–3	635	418	181.2	8.7	7.2
Close Bros	$†v□	319	—	*349½	218¼	290.5	3.4	14.1
Gerrard & Nat	$v	440	–5	495	395	316.8	6.3	14.5
Hambros	v□	195xd	–1	258	180	344.8	4.8	–
7½pc Cv Pf		96	—	112	94	128.2	9.8	–
Joseph (L)	$†v	448xd	–10	488	353	23.7	5.2	25.0
King & Shaxson	$v□	141	+1	145	85	36.2	6.2	10.6
Rea Brothers	$v	82	+1	87	44	29.9	2.0	24.8
Schroders	$††v□	1308	–15½	*1478	905½	1,963	1.4	18.5
N/V	††v	1088	–8	*1180	823½	488.1	1.6	13.9
Singer & Fried	$†v□	109	—	111	81	214.4	4.2	11.3
8½pc Cv Ln 09/14		£135¼	—	£137	£71½	91.5	6.3	–
Union	$v□	98	–2	121	70	28.1	3.8	–
Wintrust	$†v	278	—	295	200	23.6	5.4	16.5

BANKS, RETAIL

	Notes	Price	+ or –	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Pl	□	£29¾	+¼	£29¾	£21½	8,884	4.4	10.6
ANZ A$		302	+2	305	198	4,198	5.3	Φ
Abbey National	$†v□	629	+3	654	413	8,263	3.9	12.5
Allied Irish I£	$†□	346	—	368	250	2,396	4.2	10.1
Anglo Irish I£	□	65xd	—	79	40	223.7	6.7	Φ
Asahi Y	□	660¼	+28¼	657¼	605¼	18,884	0.6	–
Banco Bil Viz Pta	□	£21⅛	+⅛	£22⅛	£14⅝	4,949	3.9	9.5
Banco Sant Pta		£30⅜	—	£31⅛	£22⅜	4,941	4.3	20.9
Bk Ireland I£	†v□	465xd	–3	480	288	2,210	3.1	9.3
Bank Scotland	$†v□	278	–1	307½	191½	3,277	2.8	12.3
9¼pc Pl		116½	–½	126½	109½	118.5	9.6	–
[illegible]								

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

CHEMICALS - Cont.

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INSURANCE - Cont.

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

صكذا من الاصل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

OTHER SERVICES & BUSINESSES - Cont.

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

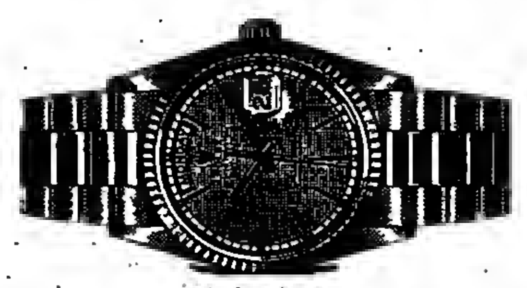
AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	52 week low	Mkt CapЈm	Yld Gr's	P/E
Anglo Am Ind		£31½	—	£34	£29	2,111	2.7	15.8
Barlow	♦	891½xd	+½	891½	£4.9	1,025	1.8	♦
Gold Flds Prop R		164	—	168	138	15.7	2.9	6.9
MK Props		83	—	90	85	3.70	12.9	–
SASOL	♥	527	–5	540	435	3,088	2.8	–
SA Brews		£22¾xd	+½	£22¾	£12¾	7,081	1.5	32.0
Standard Bank	□	£29¾	–½	£31¾	£20½	3,559	1.8	20.5
Tiger Oats		1160xd	—	1165	700	1,739	1.7	♦
Tongaat-Hulett	†	1071xd	—	1100	636	976.1	1.8	20.3

MAPPIN & WEBB



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GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- ♦ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
r Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v P/e ratios are calculated under new ACT guidelines.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
J Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

[illegible]

Jupiter Tyndall (Bermuda) Ltd

[illegible]

BERMUDA (REGULATED)(**)

Bermuda Intl Invmnt Mgmnt Ltd

[illegible]

Butterfield Management Co Ltd

[illegible]

GUERNSEY (SIB RECOGNISED)

AIB Investment Managers (Guernsey) Ltd

[illegible]

Guinness Flight Fd Mgrs (Guernsey) Ltd

[illegible]

Hambros Fd Mgrs (CI) Ltd

[illegible]

Lazard Freres Asset Management (CI) Ltd

[illegible]

Lloyds Intl Money Market Fund Ltd

[illegible]

M & G (Guernsey) Ltd

[illegible]

Rothschild Asset Management (CI) Ltd

[illegible]

Royal Bk of Canada O/S Fd Mgrs Ltd

[illegible]

Sarasin Funds Mngmt (Guernsey) Ltd

[illegible]

Schroder Investment Mngmt (Guernsey) Ltd

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

BT Fund Managers (Ireland) Ltd

[illegible]

Bank of Cyprus Group

[illegible]

Dresdner Intl Management Services Ltd

[illegible]

Federated International Funds Plc (a)

[illegible]

The Fiduciary Trust Global Fund

[illegible]

GAM Fund Management Ltd

[illegible]

Guinness Flight Select Funds Plc

[illegible]

Morgan Grenfell Investment Funds Ltd

[illegible]

Scottish Value Management (Ireland) Ltd (a)

[illegible]

Swiss Life Investment Fund – Proteus (a)

[illegible]

IRELAND (REGULATED)(**)

AIB Fund Management Ltd

[illegible]

Bank of Ireland Unit Managers Ltd

[illegible]

Baring International Fd Mgrs (Ireland) Ltd

[illegible]

Baring Mutual (Ireland) Ltd

[illegible]

Kleinwort Benson Bond Arbitrage Fund Plc

[illegible]

Korea Fund

[illegible]

Pacific Growth Fund Ltd

[illegible]

Scottish Amicable European/International

[illegible]

Ulster Bank Investment Services

[illegible]

Yeoman Sec Investment Company PLC

[illegible]

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mngrs

[illegible]

Allied Dunbar Intl Fund Mgrs (IOM) Ltd

[illegible]

Mercury Fund Managers (IoM) Ltd

[illegible]

Sun Life Management (IoM) Ltd

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

[illegible]

Coutts & Co (Jersey) Fund Managers Ltd

[illegible]

Lloyds Bank (CI) U/T Mgrs.

[illegible]

Midland Bank Fund Managers (Jersey) Ltd

[illegible]

Royal Bank of Canada (Jsy) Fd Mgt Ltd

[illegible]

Royal Bank of Scotland Fd Mgrs (Jersey) Ltd

[illegible]

Standard Bank Fund Mgrs (Jersey) Ltd

[illegible]

TSB Fund Managers (CI) Ltd

[illegible]

JERSEY (REGULATED)(**)

Barclays Intl Funds

[illegible]

Cater Allen Investment Management (CI)

[illegible]

Citibank (CI) Ltd "Citifunds"

[illegible]

Coutts & Co (Jersey) Fund Managers Ltd

[illegible]

EBC Fund Managers (Jersey) Ltd

[illegible]

Fleming Group

[illegible]

Foreign & Colonial Mngt (Jersey) Ltd

[illegible]

INVESCO International Limited

[illegible]

Jupiter Tyndall (Jersey) Ltd

[illegible]

Lombard Odier (Jersey) Ltd

[illegible]

The Portugal Fund Limited

[illegible]

Royal Bk of Scotland Fd Mgrs (Jersey) Ltd

[illegible]

Schroder Mngt Services (Jersey) Ltd

[illegible]

Worldinvest (Managers) Jersey Ltd

[illegible]

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds (a)

[illegible]

American Phoenix Investment Portfolios (a)

[illegible]

Barclays Diversified Portfolio (a)

[illegible]

Barclays Inv Funds (Luxembourg)

[illegible]

Credit Suisse

[illegible]

Cresvale Group (a)

[illegible]

Dolphin Intl Investments (a) SICAV

[illegible]

Fidelity Funds (a)

[illegible]

Fleming Group (a)

[illegible]

Hypo Foreign & Colonial Port Fd Sicav (a)

[illegible]

INVESCO International Limited (a)

[illegible]

Kleinwort Benson Japanese Warrant Fund

[illegible]

Lloyds Bank Luxembourg

[illegible]

Mercury Asset Management S.A.

[illegible]

Midland Intl Gwth Fund SICAV

[illegible]

Sarasin Investment SICAV (a)

[illegible]

Schroder International Selection Fd (a)

[illegible]

Scottish Equitable Intl Fund SICAV (a)

[illegible]

Sun Life Global Management Ltd (a)

[illegible]

Templeton Global Strategy Funds

[illegible]

Thornton Investment Management Ltd

[illegible]

LUXEMBOURG (REGULATED)(**)

Activa International Umbrella Fund (a)

[illegible]

Alliance Capital

[illegible]

Banque Ferrier Lullin (Lux) SA

[illegible]

Banque Indosuez Luxembourg

[illegible]

Banque Privée (Luxembourg) S.A.

[illegible]

CSFB Umbrella

[illegible]

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Chase Manhattan Vista Funds

Citicorp Investment Mgmt (Luxembourg) SA

Citimanlots SA

Clan European Asset Value Fund

Clemente Korea Emerging Growth Fund

Cox & Kings Overseas Fund

Credis Investment Funds

Merrill Lynch Asset Management - Contd.

Abtrust International Ltd

Royal Life International

Royal Skandia Life Assurance Ltd

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES

LONDON STOCK EXCHANGE

MARKET REPORT

Shares move ahead as Wall Street rallies again

By Philip Coggan, Markets Editor

Traders managed to inject a certain amount of seasonal cheer into the penultimate pre-Christmas trading session, with help from a rebound on Wall Street and a smattering of bid rumours.

The FT-SE 100 index ended the day 19.6 points higher at 3,633.3, while its junior index, the FT-SE Mid 250, performed not quite as well, rising 7.2 to 3,967.3.

The mood awitched around sharply from the start of trading when the effect of the 50-point overnight fall in the Dow Jones Industrial Average weighed heavily on traders. Within minntes of the opening, the Footsie hit its low for the day, falling 16.4 points to 3,597.3.

For the rest of the morning, however, shares were on the rebound. Some modest bid speculation helped; an offer for water group Mid Kent Holdings from General Utilities & Saur led to hopes that Southern Water might be on a predator's wish list. There was also speculation that either Bass or Whitbread might launch a takeover offer for Vaux, the brewer; the latter's stock was the best performer in the Mid 250 index.

The biggest riser in the FT-SE 100 index was Rolls-Royce, where a new *chief executive was appointed.*

When Wall Street opened in the afternoon, London was given a further fillip by an early jump in the Dow. By the time London closed, the Dow was more than 20 points ahead.

Shares received little support from gilts, however, where the 10-year benchmark issue fell by around a third of a point. The yield on the 10-year issue has edged up to 7.53 per cent, from 7.37 per cent two weeks ago.

The fall in gilt yields, which were close to 9 per cent in early March, has been one of the main supports for share prices. A turnround in the bond markets, perhaps led by a failure to resolve satisfactorily the US budget dispute, remains one of the biggest threats to shares as the market heads into 1996.

Mr Tim Brown, UK market strategist at UBS, said: "In 1996, any significant move in bond yields will have a substantial effect on shares." But he is expecting only a marginal rise in gilt yields next year.

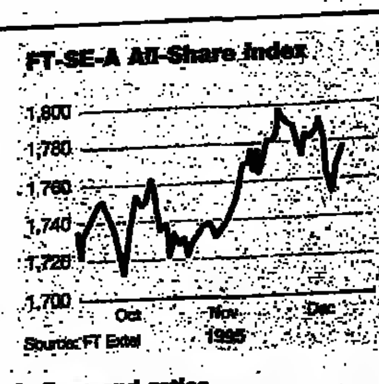
Mr Michael Hughes, global strategist at Barclays de Zoete Wedd, has an end-1996 target of 3,750 for the Footsie, saying the main constraint on the UK market would be the prospect of a general election.

Volume slowed after a very busy session on Wednesday, when customer business was worth £2.66bn, the highest level for some time. At the 6pm count yesterday, 688.4m shares had been traded, of which 57 per cent were non-FT-SE 100 index stocks.

With only a half-day of trading today and London open for just three days next week, the markets are expected to be fairly quiet until the end of the year. However, the Christmas-new year period has in the past been a time of share price rallies.

If, by the close of the year, the Footsie can climb back to 3,695, just above the all-time intra-day high reached at the start of the month, it will have achieved the biggest calendar year points jump since it started in 1984.

FT-SE-A All-Share Index



Source: FT Extel

Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover

Indices and ratios

FT-SE 100	3633.3	+19.6
FT-SE Mid 250	3967.3	+7.2
FT-SE-A 350	1803.5	+8.3
FT-SE-A All-Share	1776.91	+7.71
FT-SE-A All-Share yield	3.84	(3.86)
FT Ordinary index	2641.8	+8.8
FT-SE-A Non Fins p/e	16.44	(16.35)
FT-SE 100 Fut Mar	3645.0	+15.0
10 yr Gilt yield	7.55	(7.50)
Long gilt/equity yld ratio:	2.05	(2.03)

Best performing sectors

1	Gas Distribution	+2.9
2	Tobacco	+2.2
3	Electronic & Elec	+1.5
4	Water	+1.4
5	*Engineering*	+1.4

Worst performing sectors

1	Banks, Merchant	-0.9
2	Health Care	-0.8
3	Breweries	-0.6
4	Paper, Pckg &Print	-0.5
5	Other Financial	-0.4

Waters trickle higher

Water shares rose on a flood tide of takeovers, bid speculation and recommendations.

The takeover involved **Mid Kent Holdings**, a small southern group in which General Utilities and Saur Water Services, the subsidiaries of two French groups, already held 39 per cent between them.

General and Saur announced that they intended to acquire the rest of tba equity, and althougb Mid Kent advised shareholders to resist the bid, its share price leapt 77 to 430p.

The news also had an impact on Sonthern Water. General is a subsidiary of Generale des Eaux, and ABN Amro Hoare Govett was apparently telling potential investors that des Eaux would be likely to make an offer for Soutbern.

Also, Merrill Lynch issued a buy recommendation on Southern, arguing that it had the "lowest net debt/equity ratio and was among the highest medium-term dividend growth potential" in the sector. The combined broker enthusiasm saw the shares climb 27 to 685p.

Nortb West Water was another strong feature on the back of a broker recommendation. NatWest Securities issued a thick note on the virtues of the company and the stock added 16 at 602p.

The penultimate session before Christmas brought a clntcb of vague bid stories, prompting sharp moves in several stocks.

Brew bid buzz

In the drinks sector, the takeover talk settled on Sunderland-based brewer Vaux Group. The shares jumped 18 to 275p, topping the list of the day's best performers in tha FT-SE Mid 250 index, after talk went round the market that the group would soon be on the receiving end of a bid.

Several names were mentioned as likely predators, a list thet included Wolverhampton & Dudley and Whithread. However, the strongest talk focused on Bass as the most probable bidder. Shares in the group tumbled 15 to 685p on the speculation, making it the day's worst Footsie performer. Wolverhampton shares were steady at 582p, while Whitbread eased 5 to 660p.

Mr Fraser Ramzan at Lehman Brothers is a fan of Bass. He said: "There are attractions in Bass increasing its market share in tha light of Scottish & Newcastle's acquisition of *Courage last summer. This is* not an acquisition that would stretch Bass."

BT bought

The latest salvo from Oftel, the official telecoms regulator, was not taken well by BT but the telaphone company's shares still rose 5 to 351½p.

BT and Oftel have been embroiled in an acrimonious tussle over pricing and deregulation for some time. At first, the market thought yesterday's Oftel document was conciliatory.

However, BT responded tartly. It said new powers which the director general proposed to take would giva him "virtually uncballengeable power to decide that anything done in the British telecommunications industry was anti-competitive."

On tha other hand, the shares were offering a yield of 6.8 per cent and a number of investors bave apparently decided that if the price falls to a level which provides a 7 per cent yield, they should be bought.

British Gas added a further 7½ to this week's rise. The closing price of 257½p marked a gain of 12 per cent over the past three trading days. Previous stark underperformance against the market, the appointment of an independent negotiator and takeover speculation have fuelled the recent improvement.

Oil majors were lifted by firm oil and gas prices in the US, where the recent cold snap focused investors' attention on fuel demand. British Petroleum added 4 at 533p and Shell Transport 7 at 852p.

Enterprise, the oil exploration and production stock, moved up 5 to 394p on the back of the latest oil find in tha North Sea. Enterprise has a 20 per cent interest in the field.

Aaro engines group Rolls-Royce topped the league table of the best performers in the Footsie as the markat cheered the appointment of a new chief executive. The shares advanced 8½ to 185p in active trade of 8.9m.

Mr John Rose is to replace Sir Terence Harrison next April and one analyst said : "It *looks like the old guard is* being cleared ont at long last and there are hopes that the naw man will belp unlock shareholder value."

Britisb Aerospace continued to benefit from a broker'a recommendation earlier this week and the shares climbed a further 21 to 779p.

Talk of buoyant Christmas sales boosted several retailing stocks. They included Boots, which gained 9 at 583p, with SBC Warburg, the group's broker, said to have boosted sentiment by upgrading its recommendation on the stock from "reduce" to "hold".

Smith & Nephew slipped 4 to 190½p as Klainwort Benson was said to have downgraded its forecasts for the company. Also a line of 9.2m shares was dealt at 191½p.

Aggregates group Ennemix shot ahead 12 to 82p as Redland bought a near 30 per cent stake from one shareholder. It *is expected that Redland will* launch a bid shortly and Ennemix is considering its options. Redland rose 3 to 385p.

Healthcare group Enviromed jumped 4 to 25p after EN Limited Partnership raised its stake to 16.1 per cent.

McDonnell Info Systems plunged 24½ to 36½p in response to a profits warning. The group said that as a conse*quence of closures, redundan*cies and other write-offs, the 1995 accounts were expected to include exceptional provisions of about £20m.

Independent Insurance put on 27 at 361p as the market gave its approval to the group's takeover of Palatine Assurances, of France, a loss-making group which focuses primarily on underwriting motor, property and personal accident insurance products.

Fast moving pharmaceuticals stock British Biotech rose 52 to 1750p in anticipation of good results from its new cancer treatment.

Medeva improved 2 to 267p after it said it had agreed to settle US securities litigation filed against it and its US subsidiary. The company will take a charge in its 1995 financial year of $2.4m.

The flotation of Reunion Mining, which started trading in London yesterday, was poorly received. The shares opened at 80p and ended the day down 11 at 69p.

General investment buying boosted **Rank Organisation**, the shares closing 11 better at 446p. Analysts at Merrill Lynch believe the stock to be "the major play in the leisure sector in 1996".

Recommendations from both Strauss Turnbull and NatWest Securities helped GKN shrug off recent weakness. The shares appreciated 7 to 764p.

However, there are those that remain cautious on the stock and Panmure Gordon yesterday urged investors to "sell" the shares.

MARKET REPORTERS:
Peter John,
Joel Kibazo.

FINANCIAL TIMES EQUITY INDICES

	Dec 21	Dec 20	Dec 19	Dec 19	Dec 15	Yr ago	*High	*Low
Ordinary Share	2641.8	2633.0	2595.3	2605.1	2603.3	2374.4	2676.1	2238.3
Ord. div. yield	4.10	4.11	4.19	4.13	4.08	4.40	4.73	4.02
P/E ratio net	15.67	15.64	15.47	15.57	15.75	17.86	21.33	15.35
P/E ratio nil	15.48	15.44	15.28	15.37	15.58	17.38	22.21	15.17

*For 1995. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2623.8	2623.8	2631.3	2638.3	2636.6	2637.5	2636.4	2638.7	2641.0	2642.1	2619.9

	Dec 21	Dec 20	Dec 19	Dec 18	Dec 15	Yr ago
SEAQ bargains	23,758	26,956	27,556	27,079	27,682	19,581
Equity turnover (£m)†	-	2661.3	1917.2	1481.5	1698.8	1318.2
Equity bargains†	-	32,159	30,331	31,579	31,884	25,980
Shares traded (mil)†	-	904.4	690.9	571.2	617.4	581.0

†Excluding intra-market business and overseas turnover.

London market data

Rises and falls*		1995 Highs and lows		LIFFE Equity options	
Total Rises	666	Total Highs	90	Total contracts	21,323
Total Falls	525	Total Lows	36	Calls	10,822
Same	1,659			Puts	10,501

Dec. 21 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3607.0	3645.0	+18.0	3650.5	3602.0	7036	63161
Jun		3646.0	+18.0			0	1116

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		3990.0	+10.0			0	3315

FT-SE 100 INDEX OPTION (LIFFE) (*3633) £10 per full index point

[illegible]

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995 High	1995 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	24.0	29	23	Cash Converters	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	23.4	125	115	†Century Inns	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	12.2	510	500	†Com de Part Fin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
160	F.P.	72.1	166	149½	Cortworth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	54.1	110	108	Cox Insurance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	14.0	90	52	†Crown Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	15.2	90	91	†Dmatek	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	13.2	448	448	East Surrey NV	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	51.0	103	98	Finsbury Tech	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	14.8	148	125	Gardner (L)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
200	F.P.	21.8	203	201	Gearhouse	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	3.38	116	83	Jasmin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	14.1	28	24	†Manx & O'seas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
204	F.P.	3,395.1	214½	196	National Grid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	22.2	360	345	†Pet City	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	26.4	152	124	†Polymasc Pharms	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	1.07	105	100	†Revelation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	3.15	3½	3	†Rushmere Wynne	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	198.5	48	36	†Trocadero	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
133	F.P.	4.9	135	133	Unicorn Intl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	165.3	244	213	Victrex	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	3.90	135	125	†Welwinn	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
-	F.P.	47.1	68	55	Wilmington	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Dec 20	% chg on day	Dec 19	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (34)	1922.37	+1.0	1903.28	1894.90	1.76	-	2083.66	1637.91
Regional Indices								
Africa (16)	2474.50	+0.1	2471.65	3047.59	3.73	26.10	3191.21	2272.74
Australasia (6)	2369.99	+1.2	2341.77	2340.52	2.06	37.38	2807.57	1788.20
North America (12)	1705.98	+1.4	1682.89	1487.40	0.79	50.64	1831.00	1348.16

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FT - SE Actuaries Share Indices — The UK Series

	Dec 21	Day's chge%	Dec 20	Dec 19	Dec 19	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3633.3	+0.5	3613.7	3576.9	3596.1	3091.7	3.93	2.09	15.21	142.03	1447.85
FT-SE Mid 250	3967.3	+0.2	3960.1	3937.4	3954.0	3485.9	3.67	1.85	18.42	153.64	1558.02
FT-SE Mid 250 ex Inv Trusts	3980.9	+0.2	3974.2	3952.4	3968.0	3487.3	3.80	1.81	17.24	162.15	1564.44
FT-SE-A 350	1803.5	+0.5	1796.2	1778.8	1787.7	1545.7	3.87	2.04	15.80	70.33	1470.21
FT-SE-A 350 Higher Yield	1810.0	+0.6	1799.9	1778.7	1782.4	1566.2	4.95	1.85	13.64	97.58	1224.93
FT-SE-A 350 Lower Yield	1801.8	+0.4	1795.2	1783.1	1797.8	1524.4	2.76	2.40	18.89	51.74	1225.48
FT-SE SmallCap	1928.30	+0.1	1926.91	1922.66	1933.85	1744.27	3.44	1.69	21.43	61.34	1558.33
FT-SE SmallCap ex Inv Trusts	1904.32	......	1903.64	1901.67	1911.62	1713.12	3.70	1.77	18.12	64.31	1547.24
FT-SE-A ALL-SHARE	1776.91	+0.4	1769.20	1753.78	1762.82	1529.09	3.84	2.02	18.10	68.34	1472.04

FT-SE Actuaries All-Share

	Dec 21	Day's chge%	Dec 20	Dec 19	Dec 19	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(23)	3236.36	+0.8	3211.01	3169.15	3203.67	2699.91	3.62	2.02	17.11	116.72	1361.86
12 Extractive Industries(7)	4226.27	+0.8	4164.47	4187.41	4248.89	3766.66	3.50	2.51	14.23	144.17	1211.66
15 Oil, Integrated(3)	3275.78	+0.8	3249.70	3199.48	3234.51	2661.02	3.78	1.96	17.01	123.19	1413.10
18 Oil Exploration & Prod(13)	2117.93	+0.7	2102.93	2077.91	2081.45	1861.45	2.37	1.49	35.26	49.88	1257.13
20 GEN INDUSTRIALS(278)	1926.91	+0.5	1919.26	1897.38	1905.84	1831.87	4.30	1.88	15.38	91.83	1035.48
21 Building & Construction(36)	1029.06	+0.4	1025.31	1019.47	1022.24	982.25	3.92	2.02	15.84	38.29	846.97
22 Building Matls & Merchs(31)	1785.79	+0.2	1782.27	1771.93	1775.50	1786.31	4.13	2.04	14.82	73.55	886.26
23 Chemicals(23)	2314.40	......	2313.80	2271.84	2289.64	2291.42	4.24	1.87	15.79	94.71	1077.28
24 Diversified Industrials(20)	1735.19	+0.1	1734.06	1709.91	1711.04	1743.48	5.69	1.57	14.03	97.90	948.67
25 Electronic & Elect Equip(37)	2162.41	+1.5	2131.48	2088.84	2092.73	1860.19	3.47	1.99	18.07	75.20	1109.08
26 Engineering(68)	2136.20	+1.4	2107.37	2095.02	2109.56	1787.23	3.54	2.27	15.55	74.11	1278.59
27 Engineering, Vehicles(13)	2455.07	+0.5	2440.48	2415.50	2446.91	2162.22	3.63	1.15	28.07	64.89	1251.47
28 Paper, Pckg & Printing(27)	2464.26	-0.5	2477.27	2456.23	2466.30	2730.73	4.08	2.48	12.36	97.32	1009.70
29 Textiles & Apparel(21)	1410.31	-0.3	1414.37	1402.69	1421.54	1511.22	5.08	1.84	13.40	71.62	845.70
30 CONSUMER GOODS(89)	3555.66	+0.5	3539.25	3515.48	3550.26	2828.58	3.83	1.80	18.12	134.12	1289.82
31 Breweries(17)	2756.79	-0.6	2772.26	2756.23	2790.11	2211.39	3.77	1.92	17.26	97.46	1305.79
32 Spirits, Wines & Ciders(9)	2824.46	+0.4	2811.94	2797.08	2821.18	2751.72	4.30	1.78	16.47	125.07	999.59
33 Food Producers(24)	2528.74	-0.1	2530.79	2531.05	2552.64	2325.97	4.08	1.81	18.91	99.12	1120.56
34 Household Goods(11)	2656.27	-0.2	2662.24	2634.38	2645.82	2396.64	3.61	2.13	16.29	90.95	997.33
36 Health Care(17)	1900.23	-0.8	1915.87	1906.20	1920.54	1568.47	2.79	1.79	25.19	49.64	1140.79
37 Pharmaceuticals(10)	4966.49	+0.7	4932.27	4894.24	4954.34	3341.27	3.32	1.70	22.12	162.31	1658.79
38 Tobacco(1)	4790.28	+2.2	4688.63	4603.92	4629.34	3691.45	5.01	1.94	12.86	229.23	1156.91
40 SERVICES(227)	2191.81	+0.3	2184.27	2170.82	2185.92	1863.85	3.07	2.10	19.40	87.47	1123.01
41 Distributors(30)	2528.36	+0.2	2523.06	2511.91	2519.35	2507.21	3.97	1.76	17.86	100.88	919.96
42 Leisure & Hotels(30)	2592.35	+0.1	2590.51	2585.82	2615.23	2109.66	3.13	1.89	21.17	74.15	1328.12
43 Media(43)	3419.60	+0.2	3411.19	3376.41	3413.90	2818.97	2.09	2.36	25.29	90.00	1223.29
44 Retailers, Food(16)	1935.60	+1.2	1912.21	1894.25	1900.12	1736.10	3.77	2.40	13.79	72.35	1212.03
45 Retailers, General(43)	1911.84	+0.5	1901.27	1897.85	1914.68	1570.37	3.13	2.26	17.67	59.48	1077.56
48 Support Services(38)	1868.18	-0.4	1874.80	1860.62	1868.79	1460.22	2.47	2.53	19.86	44.55	1175.54
49 Transport(20)	2142.21	-0.2	2146.15	2114.12	2115.89	2205.43	4.08	1.30	23.50	86.39	879.72
51 Other Services & Business(7)	1084.63	+0.3	1081.18	1074.19	1076.84	1242.61	4.34	1.58	18.18	50.09	960.97
60 UTILITIES(36)	2452.87	+0.8	2430.85	2384.53	2374.98	3413.21	5.09	2.04	12.20	129.28	1015.96
62 Electricity(14)	2742.71	+0.3	2734.47	2702.79	2692.79	2540.71	5.02	2.62	9.49	211.21	1262.49
64 Gas Distribution(2)	1706.74	+2.9	1659.00	1591.81	1524.63	2068.37	7.02	1.04	17.12	119.82	856.30
66 Telecommunications(7)	1964.64	+0.9	1953.21	1921.66	1914.27	1867.65	4.30	1.74	18.70	58.90	977.01
68 Water(13)	2151.48	+1.4	2121.25	2123.67	2115.59	1808.36	5.53	2.86	8.50	115.06	1160.05
69 NON-FINANCIALS(653)	1877.73	+0.5	1867.55	1849.62	1859.52	1661.53	3.89	1.95	16.44	73.47	1398.25
70 FINANCIALS(113)	2835.72	......	2835.70	2821.69	2833.06	2176.78	3.95	2.43	13.06	110.40	1186.85
71 Banks, Retail(9)	4018.10	......	4014.41	4003.49	4010.59	2911.08	3.84	2.80	12.25	146.19	1268.33
72 Banks, Merchant(6)	3517.84	-0.9	3548.34	3556.89	3596.27	2853.07	2.85	2.41	19.56	104.97	1102.81
73 Insurance(25)	1419.34	+0.4	1414.13	1387.27	1402.33	1165.35	5.18	2.68	8.99	73.13	1039.90
74 Life Assurance(6)	3344.32	-0.2	3349.49	3336.21	3372.78	2366.84	4.17	1.53	19.60	136.72	1362.48
77 Other Financial(22)	2365.54	-0.4	2375.74	2368.17	2383.14	1845.31	3.80	1.65	17.85	73.86	1324.01
79 Property(45)	1395.72	......	1396.12	1388.19	1387.13	1409.74	4.47	1.33	21.09	62.66	848.30
80 INVESTMENT TRUSTS(133)	2990.69	+0.2	2984.44	2961.48	2979.92	2697.29	2.26	1.04	53.13	63.96	1093.96
89 FT-SE-A ALL-SHARE(899)	1776.91	+0.4	1769.20	1753.78	1762.82	1529.09	3.84	2.02	18.10	68.34	1472.04
FT-SE-A Fledgling	1097.44	+0.1	1096.22	1093.27	1100.97	-	2.89	1.24	35.01	32.82	1133.24
FT-SE-A Fledgling ex Inv Trusts	1099.53	+0.1	1098.36	1095.30	1103.47	-	3.04	1.29	31.75	31.85	1134.54

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3602.5	3603.2	3613.5	3625.1	3622.5	3622.9	3622.2	3626.3	3633.5	3633.7	3597.3
FT-SE Mid 250	3958.6	3955.2	3959.7	3964.3	3962.7	3963.7	3964.1	3965.7	3966.9	3967.3	3954.5
FT-SE-A 350	1790.5	1790.6	1795.1	1800.0	1798.9	1799.1	1798.9	1800.6	1803.5	1803.6	1788.3

Time of FT-SE 100 Day's high: 4.13pm Day's low: 8.46am. FT-SE 100 1995 High: 3680.4 (1/12) Low: 2954.2 (23/1).

FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1033.5	1034.8	1036.7	1036.8	1036.9	1036.5	1036.5	1037.8	1037.8	1037.8	1033.5	+4.3
Pharmaceuticls	4857.4	4854.4	4865.2	4891.3	4895.0	4895.3	4896.8	4891.9	4909.8	4907.8	4873.5	+34.3
Water	2115.8	2105.5	2111.2	2118.9	2123.0	2130.3	2130.3	2131.1	2143.3	2145.7	2118.9	+26.8
Banks, Retail	4045.4	4047.5	4057.3	4061.7	4054.0	4053.6	4050.0	4056.4	4068.5	4067.4	4065.6	+1.8

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT, Fitzroy House, 13-17 Epworth Street, London EC2A 4DL.
The FT "500" has been renamed FT-SE-A Non-Financials Index. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1995. © The Financial Times Limited 1995. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

TRADING VOLUME

Major Stocks Yesterday

	Vol. '000s	Closing price	Day's change
[illegible]			
Cable & Wire†	1,800	451	
Cadbury Schweppes†	4,100	524	
Caradon	3,800	198	+6
Carlton Comms.†	759	945	-4
Coats Viyella	2,400	172	-1
Comm. Union†	1,400	626	+1
Compass	829	498	-2
Cookson†	1,100	294	-1
Courtaulds†	2,500	402	+2
Dalgety	592	398	
De La Rue	1,200	839	-1
Dixons	905	422	+1
East Midland Elect.	193	689	+2
Electrocomps	325	347	-5
Eng China Clays	1,100	313	+2
Enterprise Oil†	674	394	+5
Eurotunnel Units	138	87	
FKI	2,700	158	+1½
Foreign & Col. I.T.†	2,500	160½	+½
Forte†	4,400	325½	+½
Gen. Accident†	1,100	653	+3
General Elect.†	10,000	338½	+10
Glaxo Wellcome†	2,800	888	+2
Glynwed	832	317	+6
Granada†	497	638	+6
Grand Met.†	3,300	451	+11
GUS†	1,800	674	+8
GRE	903	267	+2
GKN†	515	764	+7
Guinness†	1,800	458	-1
HSBC (75p shs)†	1,200	997½	-1
Hammerson	10	345	
Hanson†	16,000	189½	
Harrisons Crosfield	4,000	151	+3
Hays	1,500	369	+2
Hillsdown	229	190	-½
IMI	143	318	+1
ICI†	1,800	756	-2
Inchcape	3,700	244	+10
Johnson Matthey	451	521	
Kingfisher†	3,200	544	+10
Kwik Save	4,900	486	+4
Ladbroke†	1,600	148	-2
Land Securities†	368	589	
Laporte	282	647	-1
Legal & General†	2,800	666	-4
Lloyds Abbey	371	459	-3
Lloyds Bank†	1,800	832	+6
LASMO†	2,700	177	+2
London Elect.	732	699	+9
Lonrho	2,000	178½	-2½
Lucas	5,100	178	-3
MEPC	90	398	
MFI	3,100	160	-1½
Marks & Spencer†	1,100	432	
Mercury Asset Man	403	864	-5
Midlands Elect.	219	750	+10
Morrison (Wm.)	3,300	134	
NFC	6,100	138	+4
NatWest Bank†	1,800	650	-3
National Grid†	4,000	199	-1½
National Power†	8,100	447	
Next	2,300	453	-½
North West Water†	1,400	602	+16
Northern Elect.	484	833	+6
Northern Foods	1,600	166	-3
Pearson†	690	608	+5
P & O†	747	488	-5
Pilkington†	2,800	202	-1
PowerGen†	745	524	+4
Prudential†	7,100	415	
REXAM†	479	345	-5
RMC†	239	990	+11
RTZ†	2,000	938	+8
Racal	742	283	+5
Rank Org.†	3,800	446	+11
Reckitt & Colman†	282	695	-2
Redland†	1,300	385	+3
Reed Intl.†	2,600	969	+5
Rentokil†	245	331	+2
Reuters†	1,200	587	+6
Rolls Royce†	8,900	185	+8½
Ryl Bk Scotland†	835	588	+4
Royal Insurance†	1,600	380	+2
Sainsbury†	1,100	373	+2
Schroders†	62	1300	
Scottish & New.†	158	600	+3
Scot. Hydro-Elect.	2,900	358	-1
Scottish Power†	420	383	
Sears	5,600	101½	+1
Sedgwick	438	128	-1
Seaboard	23	326	
Severn Trent†	1,100	676	+5
Shell Transport†	2,600	852	+7
Siebe†	1,000	783	+15
Slough Ests	303	216	-2
Smith (W.H.)	1,600	428	-3
Smith & Nephew†	23,000	190½	-4
SmKl Beecham†	2,400	677	+6
SmKl Beecham Uts.†	2,900	672	+13
Smiths Inds.†	1,400	697	-2
Southern Elect.†	122	914	+6
South Wales Elect.	190	945	+1
South West Water	79	623	+5
Southern Water	827	865	+27
Standard Chartd.†	2,200	545	-3
Storehouse	1,400	338	+2
Sun Alliance†	892	368	+1
T&N	1,100	162	+2
TI Group†	1,700	447	+12
TSB†	4,000	393	+2
Tarmac	3,800	104½	-1½
Tate & Lyle†	1,200	454	+2
Taylor Woodrow	270	118	-1
TeleWest	452	166	
Tesco†	13,000	290	+4½
Thames Water†	1,500	586	+2
Thorn EMI†	941	1514	-15
Tomkins†	2,700	273	-2
Trafalgar House	1,300	22½	
Unigate	145	404	
Unilever†	958	1307	+6
United Biscuits	667	258	-1
Utd. News & Media	479	649	-3
Vodafone†	6,700	222½	-1
WPP	1,500	159	+1
Welsh Water	1,000	784	+21
Wessex Water	2,100	343	+3
Whitbread†	568	660	-5
Williams Hldgs.†	622	322	-1
Willis Corroon	454	144	
Wimpey	754	141	+1
Wolseley†	1,500	446	-5
Yorkshire Elect.	173	870	+8
Yorkshire Water	1,400	595	+8
Zeneca†	1,700	1260	+8

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 Index constituent. All trades are rounded.

Recommended Cash Offer
by UBS Limited
on behalf of

Talisman Energy (UK) Limited ("Talisman (UK)")

a wholly-owned subsidiary of

Talisman Energy Inc. ("Talisman")

for

Goal Petroleum plc ("Goal")

UBS Limited ("UBS") announces on behalf of Talisman (UK) that, by means of a formal offer document dated 21st December, 1995 (the "Offer Document"), and by means of this advertisement, Talisman (UK), through UBS, makes an offer (the "Offer") to Goal Shareholders to acquire the whole of the issued and to be issued ordinary share capital of Goal. Terms defined in the Offer Document have the same meanings in this advertisement.

The Offer is on the basis of 97.5p in cash for each Goal Share. Cash entitlements under tha Offer will be rounded up to the nearest whole pence. The full terms and conditions of the Offer are set out in the Offer Document.

The Offer is not being made, directly or indirectly in the United States, Canada, Australia or Japan or by the use of the mails of, or by any means or instrumentality of United States, Canadian, Australian or Japanese interests or foreign commerce or of any facility of a national securities exchange of the United States, Canada, Australia or Japan. This includes, but is not limited to, facsimile transmission, telex and telephona. Persons wishing to accept the Offer should not use such mails or any such means or instrumentality for any purpose directly or indirectly related to acceptance of the Offer and so doing may invalidate any purported acceptance.

The Offer is being made by means of the Offer Document and this advertisement and, subject to the despatch of the Offer Document, will be capable of acceptance from and after 3 p.m. on 21st December, 1995. Acceptances of the Offer should be recaived by not later than 3 p.m. on 11th January, 1996 (or such later time(s) and/or date(s) as Talisman (UK) may, subject to the rules of the Code, decide). Copies of the Offer Document and Acceptance Forms will be available for collection from UBS Limited, 100 Liverpool Street, London EC2M 2RH.

This advertisement is published on behalf of Talisman (UK) and has been approved by UBS, which is regulated by The Securities and Futures Authority, for the purposes of section 57 of the Financial Services Act 1986.

You should nota that, in connection with the Offer, UBS is acting for Talisman and Talisman (UK) and no one else and will not be responsible to anyone other than Talisman (UK) for providing the protections afforded to customers of UBS or for providing advice in relation to the Offer.

Tha Directors of Talisman and tha Directors of Talisman (UK) accept responsibility for the information contained in this advertisement and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

22nd December, 1995

TO SAVE ALL THESE TREES WE HELP CHOP DOWN THIS ONE.

Tropical hardwood trees are more valuable to loggers than other trees in the rainforest.

High prices for hardwoods ensure that loggers have no qualms about destroying other trees that stand in their way.

So a WWF project in Costa Rica is researching ways of felling a tree without bringing down several others around it.

And how to remove it without bulldozing a path through the surrounding trees.

If the rainforests are used wisely, they can be used forever. Help WWF prove this in rainforests around the world, by writing to the Membership Officer at the address below.

WWF
World Wide Fund For Nature

The Financial Times plans to publish a Survey on

Turkey - EU Customs Union

on Tuesday, January 16.

The European Union and Turkey are to establish a customs union on January 1 1996. This will extend the single European market to Turkey, presenting Turkey and EU companies with important new business opportunities as trade barriers with Europe are dismantled and Turkey adopts European legal codes.

For advertisement details please call:

Kirsty Saunders in London
Tel: (0171) 873 4823 Fax: (0171) 873 3204

Mr Ciro Costante in Istanbul
Tel: 0212 2792648 or 2795350 Fax: 0212 2641761

or your usual Financial Times representative

FT Surveys

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Dec 21 / Sch)

BELGIUM/LUXEMBOURG (Dec 21 / Frs.)

CZECH REP (Dec 15 / Korunа)

DENMARK (Dec 21 / Kr)

FINLAND (Dec 21 / Mks)

FRANCE (Dec 21 / Frs.)

		+/-	High	Low	Yld	P/E
AGF	159.80	-2.10	213.80	118.10	2.8	—
Accor	623	+7	600	521	4.3	—
AirLiq	819	+9	835	705	2.9	—
Alcatel	409.80	+1.80	538	379.10	8.0	—
AlcCab	330.90	+1	444.00	245.20	4.5	—
ArtPri	1,600		2,101	1,500	2.3	—
Axa	327.70	+.90	329	208.30	2.5	—
BIC	472	-8	520	325	6.4	—
BNP	215	-3.30	267	182	2.2	—
BNP	215	-3.30	267	192	2.2	—
Bancair	539	+3	619	409	2.3	—
BFoure	118	-1.70	217	113	—	—
Bongrn	2,720	+20	2,950	2,426	3.4	—
Bygues	482.80	+3.80	642	469	3.7	—
CEP Cm	413	-14	646	397	2.9	—
CGIP	992	+2	1,271	910	5.8	—
Canal+	910	-7	930	873	2.8	—
CapGem	130.90	+1.90	183.80	123.10	8.0	—

GREECE (Dec 21 / Drachma)

ITALY (Dec 21 / Lire)

GERMANY (Dec 21 / Dm.)

		+/-	High	Low	Yld	P/E
MAN Pf	307	-1	640	250.70	3.1	—
Mannesm	455	-1	466.80	351	1.3	—
Merck	57.55	+.13	64.60	56.50	—	—
Metallg	32.61	-.18	33.60	18	—	—
MunRg	3,075	+30	3,075	2,301	9.4	—
NeckEl	355		400	341	2.2	—
NunRgA	1,220	+18	1,555	1,190	—	—
PWA	204	-1	290	163	—	—
Porsch	708	+9	738.50	501	0.4	—
Preusg	400	+2.30	472.50	365	3.8	—
RWE	517.80	-30	544.50	414.30	2.7	—
RWE Pf	399.60	-2.40	425.30	393.50	3.8	—
RWEdea	365	+11	417	375	4.1	—
RheinE	1,180	-18	1,305	1,000	1.4	—
Rhenmtl	209	-6	291	185	3.8	—
Ruetgs	235.50	-.50	330	206	—	—
SAP AG	223.80	-.80	272	100	3.8	—
SKW	60	+.02	34.56	35	—	—

NORWAY (Dec 21 / Kroner)

POLAND (Dec 21 / Zloty)

PORTUGAL (Dec 21 / Escudo)

SPAIN (Dec 21 / Pta.)

NETHERLANDS (Dec 21 / Fls.)

		+/-	High	Low	Yld	P/E
Gamma	66.50	+.60	90	56	8.0	—
Getrnc	73.60	-1.40	79.50	30	1.2	—
GiaNrd	82.50	-.30	86	80	4.2	—
GisrOpR	47.50	+.10	48.70	36.20	3.2	—
Grtech	50	+.30	61	50	2.4	—
Hagmyr	82.30	+.60	85	82.25	—	—
Heinkn	288.80	+3.80	291.30	193	1.2	—
HollSa	242	-2.50	282	220	4.0	—
HgvOpR	49.80	-1.60	60.80	46.20	—	—
HunDgl	70.50	-3	86.50	84	2.8	—
IHCCal	91.20	-.70	81.90	33.80	2.7	—
INGDpR	106.40	-.70	107.30	74.70	3.8	—
IntMue	106.90		115.40	91.50	8.5	—
KLM	57.19	-.60	60.80	42.30	1.6	—
KNP BT	40	-.60	64.60	67.90	2.5	—
KPN	58.30	—	59	52.70	—	—

SWEDEN (Dec 21 / Kronor)

SWITZERLAND (Dec 21 / Frs.)

		+/-	High	Low	Yld	P/E
Mapfre	6,890	-80	7,200	4,510	2.4	—
Mitrva	3,935	-5	4,300	3,080	1.3	—
Portl/	7,550	+60	10,160	7,220	2.6	—
Pryca	2,450	-75	2,980	1,880	1.3	—
Repsol	3,995	-25	4,136	3,475	2.9	—
Sarrio	470	-9	675	430	10.6	—
Sev El	959	+19	927	211	4.1	—
TabacA	4,600		5,030	3,500	2.5	—
Telefn	1,705	+20	1,795	1,479	3.8	—
Un Fen	717	+19	717	460	6.3	—
Uralit	1,180	—	1,855	1,115	6.5	—
ValCem	1,440	-10	1,750	1,410	—	—
Valhrn	2,100	+16	2,475	1,865	3.8	—
Viscfr	1,385	+80	2,100	1,115	2.3	—
ZardO	12,900	+150	13,770	9,999	—	—

TURKEY (Dec 21 / TK Lira)

PACIFIC

JAPAN (Dec 21 / Yen)

		+/-	High	Low	Yld	P/E
ChgbuE	2,480	+50	2,510	2,079	—	—
ChgPam	975	+7	1,040	810	—	—
ChgkS	2,430	+30	2,490	1,999	—	—
ChuoTB	930	+44	1,480	707	—	—
CtzWch	770	+2	819	483	1.0	—
CsmOil	556	+9	749	460	—	—
D'calC	564	-8	605	410	—	—
DaldoS	522	+9	585	385	—	—
Daiel	1,160	+20	1,600	976	—	—
Daifuk	1,430		1,550	880	0.8	—
DaiKB	2,000	+10	2,030	1,400	—	—
D'chiP	1,450	—	1,670	1,200	—	—
Daikin	959	-8	995	640	—	—
DaiIgo	776	-15	878	580	—	—
D'maru	785	+3	790	381	—	—
DNpInk	470	+8	493	355	—	—
DaiNPh	942	-20	1,080	770	—	—

		+/-	High	Low	Yld	P/E
MarMan	3,720	—	4,350	2,830	—	—
NEC	1,250	-30	1,520	953	—	—
NGK In	1,000	-10	1,050	740	—	—
NGK Sp	1,230	—	1,480	865	—	—
NHK Sp	506	-3	549	350	—	—
NKK	288	+9	291	189	—	—
NOK	721	—	849	562	—	—
NSK	731	+5	767	445	1.1	—
NTN	670	-8	745	471	—	—
NcolPo	405	+19	488	256	—	—
Ng'hdy	447	+7	822	370	—	—
Nagase	812	-18	975	629	8.0	—
NgRrd	515	-5	521	429	—	—
NichIwa	1,910	+40	1,940	1,400	—	—
NissLne	285	+12	365	170	—	—
NewOJ	828	+3	1,050	807	—	—
Nichii	1,320	-20	1,380	675	—	—

HONG KONG (Dec 21 / H.K.$)

INDONESIA (Dec 21 / Rupiah)

MALAYSIA (Dec 21 / MYR)

NEW ZEALAND (Dec 21 / NZ $)

SINGAPORE (Dec 21 / S$)

SOUTH KOREA (Dec 21 / Won)

TAIWAN (Dec 21 / TW $)

THAILAND (Dec 21 / Baht)

		+/-	High	Low	Yld	P/E
Advinf	422	...	426	284	...	—
BgkBnk	286	...	306	193	...	—
BgkLnd	35	...	62.50	28.50	1.4	—
DhSiam	143	...	200	76.50	...	—
FinOne	149	-1	178	93	2.3	—
K'ThBk	105	+1	111	66.50	...	—
LndHou	426	+2	558	300	1.2	—
PhThan	224	+4	234	138	...	—
SiamCm	1,426	...	1,766	1,186	...	—
SiamCi	386	+8	446	228	...	—
SiamCB	324	-4	334	161	...	—
TelaAs	77	+1.50	99	60	...	—
ThaiFm	248	-4	280	173	2.7	—

AUSTRALIA (Dec 21 / Aus$)

AFRICA

SOUTH AFRICA (Dec 21 / Rand)

NORTH AMERICA

CANADA

MONTREAL (Dec 21 / Can $) 4 pm close

TORONTO (Dec 21 / Can $) 4 pm close

From automotive to automation, Rockwell gets your business moving

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AUTOMATION • AVIONICS • TELECOMMUNICATIONS
DEFENSE ELECTRONICS • AEROSPACE • AUTOMOTIVE • GRAPHIC SYSTEMS

INDICES

	Dec 21	Dec 20	Dec 19	1995 High		1995 Low	
Argentina							
General(29/12/77)	(u)	15986.07	15271.91	19081.30	2/1	9931.08	9/3
Australia							
All Ordinaries(1/1/80)	2203.8	2199.5	2182.8	2226.80	13/12	1822.30	8/2
All Mining(1/1/80)	1003.8	1007.7	998.4	1029.80	7/6	786.30	8/2
Austria							
Credit Aktien(30/12/84)	342.59	341.10	335.62	385.42	2/1	328.80	27/10
Traded Index(2/1/91)	947.89	940.31	921.97	1058.31	2/1	882.15	23/10
Belgium							
BEL20(1/1/91)	1547.43	1543.28	1538.00	1557.44	13/12	1271.53	9/3
Brazil							
Bovespa(29/12/83)	(u)	42057.6	40950.8	[illegible]	19/9	21262.98	9/3
Canada							
Metals Minls(1975)	(u)	5027.17	5087.00	[illegible]	23/11	3896.85	1/3
Composite(1975)	(u)	4660.00	4653.58	4746.18	8/12	3991.41	30/1
Portfolio(4/1/83)	(u)	2307.38	2303.17	2342.77	11/12	1953.38	30/1
Chile							
IGPA Gen(31/12/80)	(u)	5730.29	5728.80	6003.19	11/7	4578.50	9/3
Denmark							
CopenhagenSE(3/1/83)	361.59	361.74	360.34	375.44	25/8	330.81	29/3
Finland							
HEX General(28/12/90)	1673.82	1628.68	1600.59	2232.22	14/9	1686.30	29/3
France							
SBF 250(31/12/90)	1204.70	1205.15	1195.86	1322.38	12/5	1154.41	13/3
CAC 40(31/12/87)	1834.85	1831.20	1810.21	2017.27	12/5	1721.14	23/10
Germany							
FAZ Aktien(31/12/58)	812.44	810.12	805.33	848.76	19/9	768.87	30/3
Commerzbank(1/12/53)	2351.88	2343.9	2327.9	2427.85	19/9	2018.70	30/3
DAX(30/12/87)	2285.07	2282.07	2255.82	2317.01	15/9	1910.96	28/3
Greece							
Athens SE(31/12/80)	896.31	894.02	890.32	982.90	4/8	787.15	16/3
Hong Kong							
Hang Seng(31/7/64)	9907.81	9877.86	9705.86	10032.95	17/10	6967.93	23/1
India							
BSE Sens.(1979)	3105.20	3049.26	3097.01	3932.99	2/1	2802.16	29/11
Indonesia							
Jakarta Comp.(10/8/82)	504.96	(c)	491.74	513.18	11/8	414.21	19/4
Ireland							
ISEQ Overall(4/1/88)	2209.76	2222.15	2208.59	2269.71	7/12	1803.89	23/1
Italy							
Banca Comm Ital(1972)	576.97	580.25	578.65	686.64	10/2	547.79	5/12
MIB General(2/1/95)	910.0	916.0	914.0	1079.87	10/2	880.80	5/12
Japan							
Nikkei 225(16/5/49)	19653.25	19446.59	19140.48	19684.04	4/1	14485.41	3/7
Nikkei 300(1/10/82)	294.0	290.67	286.79	294.00	21/12	222.28	13/6
Topix(4/1/68)	1560.45	1544.86	1520.12	1560.45	21/12	1193.16	13/6
2nd Section(4/1/68)	2001.05	1995.14	1983.72	2136.85	4/1	1441.98	13/6
Malaysia							
KLSE Comp.(4/4/86)	1000.66	987.02	977.49	1085.84	5/6	840.37	24/1
Mexico							
IPC(Nov 1978)	(u)	2746.49	2747.46	2747.46	19/12	1447.52	27/2
Netherland							
CBS TtlRtnGen(End 83)	525.1	525.1	518.1	526.80	14/12	422.90	23/3
CBS All Shr(End 83)	318.8	318.0	313.7	318.80	14/12	285.30	23/3
New Zealand							
Cap. 40(1/7/86)	2113.72	2108.33	2097.08	2208.02	20/10	1991.43	5/1
Norway							
Oslo SE(Ind)(2/1/83)	1228.37	1232.12	1218.90	1292.14	18/10	1036.20	10/3
Philippines							
Manila Comp(2/1/85)	2561.77	2509.53	2476.15	2956.12	10/7	2198.48	20/11
Portugal							
BTA(1977)	2497.4	2503.7	2502.8	2911.80	9/1	2412.50	22/11
Singapore							
SES All-S'pore(2/4/75)	552.86	550.32	540.94	552.86	21/12	472.80	23/1
South Africa							
JSE Gold(28/9/78)	1381.4	1333.7	1334.4	2023.00	2/1	1268.20	30/10
JSE Ind.(28/9/78)	7977.6	7947.1	7906.7	7977.60	21/12	6222.00	31/1
South Korea							
KoreaCompEx(4/1/80)	888.84	892.04	880.79	1007.37	2/1	847.09	27/5
Spain							
Madrid SE(30/12/85)	319.13	317.38	311.86	319.13	21/12	284.65	23/3
Sweden							
AffarsvaldsGen(1/2/37)	1685.4	1669.2	1634.1	1872.16	18/9	1409.35	29/3
Switzerland							
Swiss Bk.Ind(31/12/58)	1505.84	1502.92	1484.20	1515.00	15/12	1174.93	13/3
SBC General(1/4/87)	1117.36	1117.21	1105.79	1128.76	13/12	890.58	13/3
Taiwan							
WeightedPr.**(30/6/66)	5093.65	4964.84	5082.17	7051.49	5/1	4503.37	14/8
Thailand							
Bangkok SET(30/4/75)	1273.39	1275.46	1247.28	1472.04	10/7	1135.89	16/3
Turkey							
Istanbul Comp.(Jan 1986)	41335.1	41118.1	39556.82	[illegible]	21/4	24944.31	23/1
WORLD							
MS Capital Intl(1/1/70)	720.2	721.0	719.7	723.19	14/12	886.21	23/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1465.37	1463.89	1450.49	1480.69	15/9	1222.41	13/3
Euro Top-100(26/6/90)	1322.23	1318.28	1301.97	1332.94	14/12	1117.34	9/3
JCapitalOrgns(31/12/86)	(u)	336.73	331.46	348.47	14/7	282.87	23/1
MS Emrg Euro(7/1/92)	(u)	144.56	143.46	156.07	2/1	117.15	10/3

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
■ CAC-40 (200 x Index)							
Dec	1821.0	1844.0	+2.0	1845.0	1817.0	22,448	28,146
Jan	1829.5	1851.5	+2.0	1849.5	1825.0	7,923	14,121
■ DAX							
Mar	2281.0	2288.0	-3.5	2290.0	2273.0	8,771	66,494
Jun	2287.5	2301.5	-4.0	2300.5	2287.5	18	18,522
■ OMX							
Dec	1300.00	1319.00	+18.50	1320.00	1299.00	6,656	7,570
Jan	1305.25	1330.00	+19.25	1330.00	1305.25	4,309	12,960
■ SOFFEX							
Jan	3243.1	3281.5	+3.5	3287.0	3242.0	2,710	11,697
Feb.	3251.0	3286.5	-2.0	3251.0	3251.0	7	977

** Sat Dec 16: Taiwan Weighted Price 5029.81 ; Korea Comp Ex 884.39. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded; BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Dec 21 – 2288.36 +0.25.

US INDICES

Dow Jones	Dec 20	Dec 19	Dec 18	1995 High	1995 Low	Since compilation High	Since compilation Low
Industrials	5059.32	5109.89	5075.21	5216.47 (13/12)	3832.08 (30/1)	5216.47 (13/12/95)	41.22 (2/7/32)
Home Bonds	104.86	104.75	104.72	105.34 (11/12)	93.63 (3/1)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2006.38	1997.37	1997.83	2092.11 (5/12)	1473.19 (3/1)	2092.11 (5/12/95)	12.32 (8/7/32)
Utilities	221.77	223.38	222.28	225.38 (19/12)	183.03 (3/1)	256.46 (21/6/93)	10.50 (8/4/32)

DJ Ind. Day's high 5173.48 (5146.02) Low 5047.20 (5016.55) (Theoretical♦)
Day's high 5130.86 (5114.59) Low 5059.22 (5051.73) (Actual♦)

Standard and Poors	Dec 20	Dec 19	Dec 18	1995 High	1995 Low	Since compilation High	Since compilation Low
Composite‡	605.94	611.93	606.81	621.69 (13/12)	459.11 (3/1)	621.69 (13/12/95)	4.40 (1/6/32)
Industrials¶	708.59	717.28	712.20	731.66 (13/12)	546.28 (3/1)	731.66 (13/12/95)	3.62 (21/6/32)
Financial	80.95	81.38	80.49	83.66 (6/12)	41.54 (3/1)	83.66 (6/12/95)	8.64 (1/10/74)
NYSE Comp.	323.81	325.71	323.86	331.17 (13/12)	250.73 (3/1)	331.17 (13/12/95)	4.46 (28/4/42)
Amex Mkt Val	534.50	531.81	527.44	553.58 (12/9)	433.12 (6/1)	553.58 (12/9/95)	29.31 (9/12/72)
NASDAQ Cmp	1025.27	1026.40	1002.56	1069.79 (4/12)	743.58 (3/1)	1069.79 (4/12/95)	54.87 (31/10/72)

■ RATIOS

	Dec 15	Dec 8	Dec 1	Year ago
Dow Jones Ind. Div. Yield	2.27	2.27	2.30	2.80
	Dec 20	Dec 13	Dec 6	Year ago
S & P Ind. Div. yield	2.02	1.85	1.95	2.47
S & P Ind. P/E ratio	18.49	19.06	18.98	18.40

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
K-Mart	6,863,800	5⅞	-⅛
Telefonos	5,445,700	32¼	-¼
Nokia A	5,417,000	35⅝	+2⅝
Micron	5,301,800	43¼	-2⅝
Ford Motor	4,052,600	29	+⅝
Motorola	3,958,500	58¼	-¼
Cypress Semi	3,805,700	12⅜	-⅛
James River	3,518,300	22⅞	-1⅛
IBM	3,808,500	89⅝	-2⅝
YPF SA	2,748,600	20⅝	+¼

■ TRADING ACTIVITY

● Volume (millions)

	Dec 20	Dec 19	Dec 18
New York SE	437.650	478.297	426.237
Amex	21.107	18.464	20.280
NASDAQ	580.493	578.742	590.600
NYSE			
Issues Traded	3,095	3,114	3,099
Rises	1,448	1,536	474
Falls	955	893	2,023
Unchanged	692	685	602
New Highs	166	102	81
New Lows	24	45	62

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
■ S&P 500							
Mar	614.40	616.80	+3.75	616.80	612.50	68,098	199,739
Jun	620.00	621.35	+2.80	621.85	618.75	202	6,507

	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
■ Nikkei 225							
Mar	19500.0	19730.0	+190.0	19730.0	19470.0	25,219	136,653
Jun	19600.0	19600.0	+120.0	19610.0	19600.0	1,200	18,082

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, December 21, 1995

	Stocks Traded	Closing Prices	Change on day
Hanwa	27.3m	403	+14
Showa Line	13.7m	209	+27
Nippon Hsg Loan	12.3m	54	+30
Nippon Steel Corp	9.2m	354	+2
NKK Corp	8.7m	288	+9
Nitto Boseki	6.5m	344	+15
Sumitomo Mtl Ind	6.1m	317	+9
Nippon Koshuha Stl	6.0m	700	+1
Yamaichi Secs	5.7m	744	+26
Hitachi	5.3m	983	-2

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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4 pm close December 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	1995 Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
21½	12¼	AAR	0.48	2.2	28	243	u21⅛	21⅜	21⅛	+¼
40¼	30	AMP	0.92	2.4	19	3047	38⅜	37⅞	38	+⅜
80¼	53⅜	AMR			17	6323	76⅛	72¾	73¾	-2⅜
47⅞	38⅛	ASA	1.71	4.4	38	534	38½	28¼	28½	-⅛
44⅜	30¾	AbbtL	0.84	2.1	19	13690	40⅝	40	40⅛	-½
18⅞	12	Abitibi Pr	0.40	2.8	7	1547	14⅝	14⅛	14⅛	+⅛
28½	21	ABM Ind	0.70	2.5	14	49	27¾	27½	27¾	
17½	13⅛	Acptncein			10	101	15	14⅞	15	+⅛
40	21⅞	ACE Ltd	0.56	1.4	9	1544	39	37⅞	38⅝	+⅝
9⅞	8⅛	ACM Gvt In	0.80	8.8	8	300	9¼	9⅛	9⅛	
7¾	6½	ACM GvOpp	0.56	8.8		33	7⅛	7¼	7⅜	+⅛
7½	5¾	ACM Gvt Sp	0.75	11.1		214	6⅞	6¾	6¾	
8¾	7¼	ACM Gvt Se	0.80	10.7		632	8⅜	8¼	8⅜	+⅛
9½	7⅝	ACM Man	0.90	10.1		626	8⅞	8¾	8⅞	
28¼	10¼	AcmeClv	0.48	2.0	28	3671	16½	16	16¼	-¼
38¾	7⅞	Acme Elect			68	366	8⅝	8¼	8¼	-¼
34½	23¾	Acordia	0.72	2.4	16	10	29⅝	29½	29⅝	
18¾	15⅛	Acuson			37	542	12⅜	12	12⅜	-¼
19⅝	15⅜	Adams Expr	0.48	2.6	6	49	18½	18⅜	18⅜	
38⅞	2⅞	AdvMic			5	8073	17⅜	17	17¼	+⅜
9¾	5	Advest Grp	0.16	1.8	12	71	8⅞	8¾	8⅞	
27½	18½	Advo Inc	0.10	0.4	16	1207	26⅜	25⅞	26	-⅛
42¾	24.00	Aegon	1.28	3.0	18	12	u42⅞	42⅝	42¾	+¼
5⅞	3⅜	Aerfix			7	228	4¼	4	4	-¼
76¾	46¾	AetnaL	2.78	3.9	34	2976	72	71½	71⅝	-¼
44¾	31⅞	Aflac	0.52	1.2	12	1778	42⅛	41¼	41⅞	+⅜
28⅛	19	Ahmnsn	0.88	3.3	8	3385	26⅛	26¼	26½	+¼
59½	43⅞	AirPrC	1.04	2.0	15	6471	54⅜	51¾	52⅛	-1¾
29½	18⅜	Airbne Frt	0.30	1.1	25	1548	28½	28	26½	+½
31	19⅝	Airgas Inc			27	336	30⅝	30¼	30⅛	
18	13⅛	Airlease	2.00	11.3	12	20	17⅝	17½	17⅝	+⅛
35⅝	24	AirTch			109	8675	27¼	26⅜	27¼	+1
21⅜	13½	Alaska Air	0.20	1.2	18	717	17⅝	17	17	-⅜

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FT

FINANCIAL TIMES

صورة من الأصل

NYSE COMPOSITE PRICES

4 pm close December 21

Continued from previous page

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AMEX COMPOSITE PRICES

4 pm close December 21

[illegible]

NASDAQ NATIONAL MARKET

4 pm close December 21

[illegible]

- R -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Rainbow		19	320	23⅛	22⅝	22¾	-⅛
Raltye		8	1508	1⅛	31	1¼	+¼
Raymond		11	219	21	20½	21	+¼
RCSB Fin	6.48	10	2010	22¼	22	22⅛	+⅛
Read-Rite			814111	23¾	23⅛	23⅞	+⅜
Recoton		15	145	19	18¾	19¾	
Repligen		8	1952	1⅛	1	1⅛	+⅛
Rep Inds		30	2933	28½	27⅞	28¼	
Resrchlied		31	358	27⅞	27	27⅛	
Resound		6	236	7¼	6⅞	7	-⅛
Reuters	0.93	53	2010	54¼	53⅝	54¼	-⅝
Rever Fd x	0.40	12	70	u25½	25¼	25½	+¼
RtMgt	0.12	6	80	5¾	5⅝	5¾	
Roosevelt	0.56	10	797	18⅛	17¾	18⅛	
Ross Str	0.24	14	5232	u20¼	18¾	20	+1⅜
Rotechlied		20	6621	29	28½	28½	+1½
RPM Inc.	0.48	18	1492	16⅝	16⅛	16¾	-⅛
RS Fin	0.60	19	294	u39⅝	39¼	39⅛	
Ryan Fmly		11	3194	7	6½	7	+⅛

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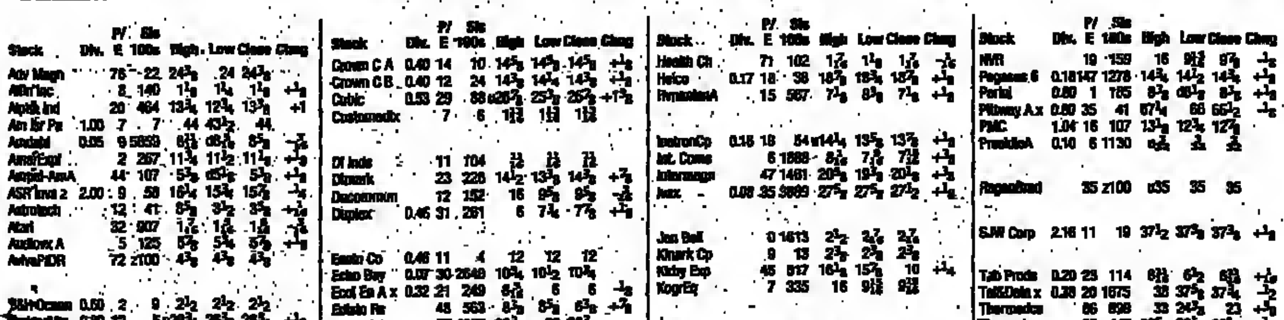

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AMERICA

US budget debate keeps stocks volatile

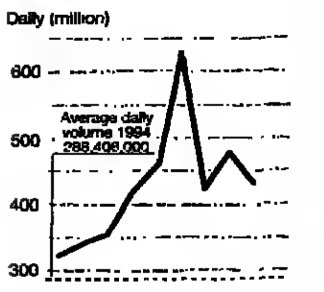
Wall Street

US share prices were volatile in early trading as investors kept their eyes on Washington developments in the debate over how to balance the federal budget, *writes Lisa Bransten in New York.*

The Nasdaq composite, consisting mostly of smaller companies, was strong through the morning as technology shares rebounded from recent losses and biotechnology shares continued to climb. In the early afternoon, the Nasdaq was 9.78 stronger at 1,035.05 and the Pacific Stock Exchange technology index was ahead 1.7 per cent.

At 1 pm the Dow Jones Industrial Average was 13.72 higher at 5,073.04. The Standard & Poor's 500 rose 2.24 to 608.18 and the American Stock Exchange composite was up 1.53 at 536.06. Volume on the NYSE came to 245m shares.

NYSE volume



The Dow was more than 40 points higher in the late morning, but by early afternoon shares had given up most of their gains amid jitters about the budget debate in Washington. On Wednesday, shares were higher for most of the day, only to end with a 50-point loss as negotiations between the White House and Congress broke down.

Biotech companies staged a second day of gains amid positive news from Centocor, which said late on Wednesday that it was halting the trial of ReoPro, an anti-clotting drug, because results were so positive that it was unethical to continue giving placebos to some participants.

It was the second time in two weeks that Centocor had stopped a study because of positive results. Last week the shares jumped nearly $10 on that news and yesterday the shares added another $4¼ at $29⅞; the stock had more than doubled in five sessions. Elsewhere in the biotech sector, Chiron gained $3¾ at $106, Amgen $1⅝ at $53½ and Genzyme $1½ at $58⅝.

Kmart rose $1½ or nearly 26 per cent to $7¼. After the market closed on Wednesday, the troubled retailer announced that it had renegotiated some of its debt and cut its quarterly dividend payment.

Quaker Oats slipped $⅝ to $34⅞ after the company warned that it would lose 35 to 45 cents a share, mostly due to the acquisition of Snapple in 1994. Analysts had forecast profits of 5 cents a share.

Canada

Toronto rewarded corporate stories as the TSE 300 composite index rose 16.69 to stand at 4,696.66 at noon.

The most heavily traded stock was BCE (Bell Canada), up C$2⅛ to C$47⅝ on news that the Canadian government would allow telephone companies to increase local rates without cutting long distance tariffs. BC Telecom and Telus firmed C$⅞ to C$25 and C$¼ to C$16 on the same theme.

Sherritt advanced C$⅝ to C$17⅝: it said on Wednesday that the issue of Sherritt International, its spin-off for international assets, was oversubscribed. And Goldstake Exploration leapt 37 cents or 35 per cent to C$1.42 on announcing that it had bought into an Indonesian prospect.

Mexico City weakens

Mexico City reversed initial gains and was slightly lower in moderate mid-morning trade on profit-taking and a softening of the peso.

The IPC index showed a net decline of 1.81 points at 2,744.68. Trading volume was high.

Dealers said that the market had been upset by early weakness in the peso, which opened lower against the dollar.

BUENOS AIRES was mixed at midsession as investors engaged in selective profit-taking after the previous session's 4 per cent rise.

The Merval index was down 2.26 points at 506.53.

Of 58 issues traded on the floor, 21 were lower and 12 were up, while the remaining 25 were unchanged. Turnover had reached 50.5m pesos.

SAO PAULO was slightly ahead in midday trading on hopes that the return of President Fernando Henrique Cardoso to the country from a foreign visit to Asia and Spain would extinguish lingering political problems.

The Bovespa index had gained 152.68 at 42,210.

Analysts said that they expected Mr Cardoso to try and resolve threats by a number of members of congress in calling for the resignation of the head of the central bank.

The congressmen had also accused directors of the bank of leaking information about alleged contributions from Banco Economico to campaign funds of certain politicians prior to elections in 1990.

South Africa ends positively

Equities ended on the positive side, with industrials gaining ground in late trading and gold shares finding comfort on an improvement in the price of bullion.

The all-share index rose 37.5 to 6,256.2, industrials gained 30.5 at 7,977.6 and the golds index advanced 27.7 to 1,361.4.

Among the main movers, De Beers appreciated 50 cents to R112.25 and Anglos was 25 cents firmer at R228.50. Elsewhere, SAB moved forward 75 cents to R134.75. Dries forged ahead R2 to R46 and Vaal Reefs made R7.50 at R249.

EUROPE

Interest rate cut fails to promote rally in Paris

There was further volatility in Crédit Foncier de France as **PARIS** moved uncertainly on the last day of the December account.

Investors were generally unimpressed by the slight reduction, from 6.10 per cent to 5.85 per cent, in the five to 10-day emergency funding rate, which had been anticipated.

Analysts said the move by the Bank of France, ahead of a meeting between Prime Minister Alain Juppé and trade union leaders, was largely symbolic. What was really wanted, they said, was a cut in the intervention rate.

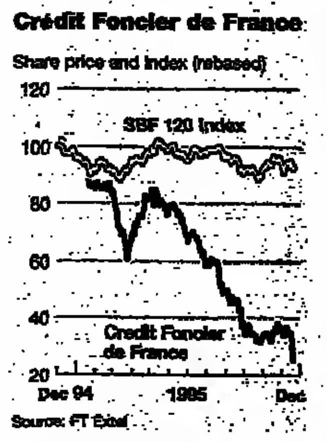
The CAC-40 index moved up 3.18 to 1,834.38 in turnover of FFr5.3bn.

The market had fallen earlier to a session's low of 1,809 on a report, swiftly denied, that the government might delay the introduction of a new tax intended to help reduce the debt burden on the social security system.

CFF, the specialist banking group, down 19 per cent on Wednesday, suffered a day's low of FFr55 and a brief trading suspension before closing off 55 centimes at FFr68.

Some dealers suggested that a US institution had been disposing of its stake; this may have been prompted by a decision earlier this month by the CFF board to cancel a merger with its property subsidiary, Immeubles de France.

Crédit Foncier de France



Source: FT Extel

Lyonnaise des Eaux and Générale des Eaux were supported on rumours that they were considering the joint takeover of a UK water company. Their shares added a respective FFr4.20 and FFr1 at FFr470 and FFr483.

FRANKFURT marked time ahead of the holidays, turnover falling from DM6.9bn to DM4.8bn as the Dax index closed 0.28 higher at an Ibis-indicated 2,268.35.

Blue chip winners included Hoechst, adding to its recently established premium over Bayer with a rise of DM4.20 to DM389.20 for a two-day gain of DM8.20 on its plans to restructure its pharmaceuticals interests. Adidas, the sportswear group, continued to throw off its post-flotation blues, up DM1.55 to DM75.50, against a low of DM70 on Tuesday.

Losers included Allianz, down DM18 to DM2,837 on weak premium income growth and analysts' worries over 1996 prospects; observers noted that the stock had been among the top Dax performers in November, and in 1995 as a whole.

MADRID saw higher dividends from Telefónica and Bankinter, and the first payment from Ence, the paper company, since 1991. The shares rose Pta20 to Pta1,705, Pta100 to Pta11,700, and Pta120 or 6.4 per cent to Pta2,000 respectively as the general index closed 1.74 higher at 319.13.

ZURICH was relatively flat, with the SMI index up 1.1 at 3,255.0, but Elektrowatt rose a further SFr11 to SFr422, still supported by the planned takeover of Landis & Gyr.

STOCKHOLM and HELSINKI reflected recoveries in Ericsson and Nokia, the telecoms stocks alternately favoured and spurned by US investors recently. Ericsson B rose SKr6 to SKr131 and Nokia A FM10 to FM162 as the Affärsvärlden General, and Hex, indices climbed 14.2 to 1,683.4 and 39.9 or 2.45 per cent to 1,673.82.

Elsewhere, experience was mixed. Among Swedish shares, Astra, the pharmaceuticals group, saw its A stock up SKr2.50 at SKr258; but banking and insurance shares fell as the bond market failed to make any major headway.

Finland was more generally bullish, the forestries and metals sectors rising 2.45 per cent and 1.6 per cent respectively. In forestries, Metsa-Serla hardened FM3 to FM128 as it called a post-bourse press conference; it refused to comment on a radio report which said that it was buying a German paper company.

AMSTERDAM was easier, Heineken providing most of the activity as it gained Fl 3.80 to Fl 285.80; the AEX index eased 0.25 to 480.36.

The rise in the brewer was attributed to technical support following recent declines.

The gain here contrasted with a fall in Unilever of Fl 2.90 to Fl 223.50, brokers noting that it had suffered from selling in the UK.

BRUSSELS was supported by a rise in Groupe Bruxelles Lambert on speculation it was to sell a stake in CLT, its television subsidiary. The Bel-20 index rose 4.17 to 1,547.43 in turnover of BFr1.67bn, as GBL put on BFr170 at BFr4,090.

Fortis rose BFr25 to BFr3,530 on reports that it was near to announcing new acquisitions.

WARSAW saw some bargain hunting following the 3.5 per cent tumble on Wednesday. The Wig index rose 23.7 to 7,478.9 as turnover fell 22 per cent to 44.2m zlotys.

The country's parliament voted to investigate allegations made by the outgoing President Lech Walesa which suggested that there had been a breach of national security.

VIENNA was lifted by expectations that there could be a quick resolution to talks being held to determine the shape of the new coalition government. The ATX index gained 7.58 or 0.8 per cent at 947.89.

Sentiment was boosted further in midday trading when Standard & Poor's said that it had affirmed the country's triple A long-term foreign and local currency ratings.

Maculan led advancing stocks with a rise of Sch8 or 4.3 per cent to Sch193 following an agreement by banks earlier in the week for a rescue package for the construction group.

ATHENS closed with mild gains, but the general index remained below the 900 level. Brokers said that investors remained very cautious because of the uncertain political situation. Mr Andreas Papandreou, the prime minister, remained in critical condition on a life-support system.

The general index edged forward 2.29 to 896.31 in turnover of DKr7.7bn.

Written and edited by William Cochrane and John Pitt

FT-SE Actuaries Share Indices THE EUROPEAN SERIES

Dec 21 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1462.31	1463.05	1463.41	1464.45	1465.11	1465.70	1465.07	1465.67
FT-SE Eurotrack 200	1565.28	1567.31	1567.57	1570.50	1570.87	1572.65	1572.12	1571.89

	Dec 20	Dec 19	Dec 18	Dec 15	Dec 14
FT-SE Eurotrack 100	1463.89	1450.49	1465.72	1475.14	1474.46
FT-SE Eurotrack 200	1565.70	1552.29	1570.79	1580.60	1581.13

Base 1000 (26/10/90) Highday: 100 - 1466.31; 200 - 1573.03 Lowday: 100 - 1462.31 200 - 1565.24 † Partial

ASIA PACIFIC

Nikkei rises 1% as regional bourses attract buyers

Tokyo

Active buying by foreign brokers pushed up share prices and the Nikkei average gained 1.1 per cent, approaching the year's high that it posted at the beginning of this year, *writes Emiko Terazono in Tokyo.*

The 225 index rose 204.66 to 19,653.25 after moving between 19,432.84 and 19,658.43, closing just 30.79 below the year's high registered on January 4. Shares briefly lost ground in the morning session on selling prompted by Wednesday's decline on Wall Street. However, the Nikkei recovered on active buying of banks and shipbuilders by foreign stockbroking houses.

Volume totalled 550m shares, against 514.9m. Selling by institutional investors eased, while foreign brokers, including Morgan Stanley and Jardine Fleming, actively bought shares.

The Topix index of all first section stocks climbed 15.47 to 1,560.45 and the Nikkei 300 added 3.33 at 294.00. Advances led declines by 668 to 418, with 136 issues unchanged.

In London the ISE/Nikkei 50 index gained 1.80 at 1,362.02.

Selling by domestic investors declined during the week to December 15. According to the Tokyo stock exchange, domestic investors sold a net Y157.3bn during that week, down from Y365.5bn a week earlier. Individuals became net buyers for the first time in seven weeks. Buying by foreigners, meanwhile, fell to Y112.1bn from Y297.4bn.

Banks were higher, along with jusen, or housing loan companies. Sumitomo Bank moved ahead Y60 to Y2,270 and Mitsubishi Bank Y50 to Y2,500. Nippon Housing Loan, the leading jusen company, jumped Y30 to Y54 and Nichiboshin, a non-bank financial institution, rose Y28 to Y105.

Speculative favourites were traded actively. Hanwa, the steel trader, was the most active issue of the day for the third consecutive session. The stock rose Y14 to Y403; Showa Line added Y27 at Y209.

Foreign brokers also sought large-capital steels and shipbuilders. Nippon Steel put on Y2 at Y354 and NKK Y9 at Y286. NKK had risen for three consecutive trading days, investors regarding the stock as a laggard within the sector.

The fall on Wall Street hit some high-technology stocks. Hitachi shed Y2 to Y983 and Oki Electric Y3 to Y921.

In Osaka, the OSE average rose 168.88 to 21,118.00 in volume of 262.4m shares.

Roundup

There was evidence that foreign institutions and US mutual funds were moving into the region's markets following the reduction in US rates earlier in the week.

MANILA illustrated this scenario with a rise in the composite index of 52.14 or 2.1 per cent to 2,561.77, in heavy turnover of 2.2bn pesos.

JAKARTA was another strong market as Telkom stock was sought. The composite index was up 13.24 or 2.7 per cent at 504.98 after a session's high of 505.15.

Brokers said the rise was led by buying in Telkom, up Rp150 to Rp2,850, and other heavily capitalised stocks.

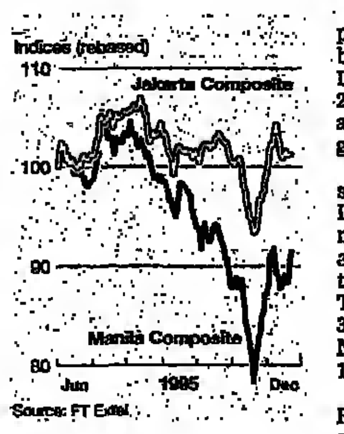
TAIPEI rebounded strongly from the previous day's fall. The weighted index jumped 129.03 or 2.6 per cent to 5,093.85, while volume fell to 1.33bn shares worth T$45.04bn.

Analysts said recovery was in part due to relief that senior executives at Formosa Plastics had cancelled a planned trip to China. The executives had said that they were disappointed with the progress being made to stimulate the domestic economic environment.

Among actively traded issues, China Steel rose T$1.30 to T$21.00, Chinatrust Commercial Bank gained T$1.90 at T$44.90, Farmers Bank was up T$2.10 to T$45.40 and Tatung added T$3.20 at T$49.20.

KUALA LUMPUR broke through the 1,000 barrier, helped by selective institutional buying. The composite index put on 3.64 at 1,000.66.

The release of good CPI data helped to encourage sentiment, while Standard & Poor's, the US ratings agency, also published a positive report which forecast a healthy outlook for Malaysian banks.



Source: FT Extel

SINGAPORE made good progress as blue chips were bought. The Straits Times Industrial index rose 29.74 to 2,256.91 in volume of 256m shares. Cycle & Carriage gained 80 cents at S$14.20.

BOMBAY was buoyed by substantial buying in Reliance Industries following a judgment by a court which lifted an injunction preventing the transfer of 1.5m of its shares. The BSE index jumped 55.94 to 3,105.20 and the 100-share National index gained 13.09 at 1,418.31.

Reliance closed Rs9 up at Rs210 on the BSE and Rs11.35 ahead at Rs212.35 on the NSE. Some 11m shares were dealt.

HONG KONG struggled to make progress and at the end of the day the Hang Seng index was 29.75 firmer at 9,907.61. Turnover dipped to HK$3.4bn from Wednesday's HK$3.7bn, which illustrated the lack of interest among many institutional investors.

SHANGHAI's B index lost ground on selling in Shanghai Erfangji after it reported that profits would drop sharply this year. The index slipped 0.15 to 48.817. The A index eased 3.82 to 620.02, ending a technical rebound in the previous two trading days. Brokers said investor confidence was weak amid worries over new listings.

SHENZHEN was uneasy following the disappointing debut of Shenzhen Great Ocean. The B index declined 0.52 to 59.86 as Great Ocean Shipping, whose 60m class B shares were listed in the city, fell steadily throughout the session to close at HK$1.60, compared with an offer price of HK$1.80.

SYDNEY made a slight gain, but was depressed towards the end of the session following comments by Mr Ralph Willis, the Australian treasurer.

The All Ordinaries index ended 4.3 up at 2,203.80. Turnover came to A$746.3m.

Brokers said a rise in the government's year to June CPI forecast to 4.75 per cent from 4.0 per cent had dampened hopes for an interest rate cut.

Interest in industrial stocks helped to support the market overall. CRA lost 30 cents to A$21.40 after its shareholders approved a merger with RTZ.

BANGKOK saw profits taken in finance and banking issues. The SET index slipped 2.06 to 1,273.39. Declines outnumbered advances by 203 to 109, with 108 issues closing unchanged.

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NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY DECEMBER 20 1995 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY DECEMBER 18 1995 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (81)	189.48	1.0	182.66	122.09	142.19	170.05	1.0	3.94	187.53	180.17	120.52	139.96	168.33	181.66	157.95	170.79
Austria (26)	170.57	1.3	164.43	109.91	128.00	127.92	1.8	1.63	168.36	161.74	108.20	125.64	125.57	199.28	167.48	177.40
Belgium (34)	204.79	0.2	197.41	131.95	153.67	149.69	0.6	3.49	204.40	196.37	131.36	152.55	148.79	206.50	165.22	166.22
Brazil (29)	135.21	3.0	130.34	87.12	101.46	241.04	3.2	1.83	131.21	126.05	94.32	97.92	233.59	175.42	86.06	175.42
Canada (101)	146.65	0.9	141.37	94.49	110.05	145.45	0.3	2.56	145.32	139.61	93.39	108.45	145.04	150.83	121.81	128.31
Denmark (33)	282.55	0.5	272.37	182.06	212.02	215.03	1.0	1.52	281.10	270.06	180.66	209.79	212.85	295.99	237.34	237.34
Finland (25)	173.38	1.0	167.13	111.72	130.10	159.05	1.9	2.01	171.73	164.98	110.36	128.16	156.12	276.11	171.13	177.70
France (100)	172.94	0.5	166.71	111.43	129.77	134.59	0.9	3.26	172.05	165.29	110.57	128.40	133.35	191.17	157.79	163.11
Germany (59)	162.12	0.5	156.28	104.46	121.65	121.65	1.1	1.98	161.25	154.91	103.63	120.34	120.34	167.74	139.11	139.64
Hong Kong (55)	379.02	1.7	365.37	244.22	284.42	376.35	1.7	3.88	372.56	357.95	239.45	278.06	369.98	389.39	277.40	330.57
Ireland (16)	251.28	0.2	242.23	161.91	188.57	223.13	0.7	3.44	250.88	240.84	161.11	187.09	221.58	260.87	187.76	187.79
Italy (59)	69.68	-2.2	67.17	44.90	52.29	82.93	-2.4	1.79	71.22	68.43	45.77	53.16	84.92	82.71	65.45	71.69
Japan (483)	153.65	1.4	148.12	99.00	115.30	99.00	1.7	0.77	151.48	145.53	97.35	113.05	97.35	164.82	136.95	153.25
Malaysia (106)	486.56	1.9	469.04	313.52	365.13	476.72	2.0	1.73	477.30	458.55	306.75	356.21	467.37	561.95	398.16	472.89
Mexico (18)	1034.29	1.7	997.03	666.44	778.13	8515.20	-0.2	1.63	1017.21	977.25	653.73	759.14	8530.30	1667.76	647.81	1667.76
Netherland (19)	267.71	0.9	258.07	172.50	200.90	197.46	1.4	3.31	265.24	254.82	170.46	197.95	194.67	268.72	211.88	211.88
New Zealand (14)	77.76	0.7	74.95	50.10	58.35	63.29	0.8	4.59	77.22	74.19	49.63	57.63	62.82	85.49	68.74	71.64
Norway (33)	223.79	0.7	215.72	144.18	167.92	193.65	1.1	2.16	222.24	213.51	142.83	165.86	191.54	243.79	202.55	202.55
Singapore (44)	402.61	1.8	388.40	259.61	302.35	262.72	1.6	1.53	395.81	380.26	254.38	295.40	258.01	414.26	313.94	367.32
South Africa (45)	385.43	0.5	371.54	248.35	289.23	308.65	0.4	3.84	383.55	368.48	246.49	288.24	307.47	392.04	281.06	334.38
Spain (38)	162.40	1.7	156.55	104.64	121.87	150.66	2.0	3.98	159.66	153.39	102.81	119.15	147.77	162.40	124.10	135.18
Sweden (47)	299.45	1.8	288.66	192.95	224.71	294.62	2.1	2.04	294.19	282.64	189.07	219.56	289.47	321.99	228.09	228.23
Switzerland (40)	230.77	0.7	222.45	148.69	173.17	165.74	1.2	1.90	229.23	220.22	147.32	171.07	163.73	232.27	161.37	161.37
Thailand (46)	167.54	2.8	161.50	107.95	125.72	163.73	2.7	2.48	163.28	156.87	104.94	121.86	159.44	184.55	130.15	156.27
United Kingdom (206)	223.84	0.8	215.78	144.23	167.38	215.79	1.0	4.07	222.43	213.69	142.95	166.01	213.69	228.33	191.53	193.71
USA (640)	247.03	-0.9	238.13	159.17	185.37	247.03	-0.5	2.28	249.31	239.51	160.22	186.06	249.31	253.50	187.05	187.05
Americas (787)	225.20	-0.8	217.08	145.10	168.99	189.28	-0.8	2.28	227.02	218.11	145.90	169.43	190.89	230.76	173.81	174.17
Europe (735)	195.45	0.6	188.41	125.94	146.67	166.79	1.0	3.07	194.31	186.68	124.88	145.02	165.17	199.02	166.53	166.53
Nordic (138)	264.60	1.3	255.07	170.49	198.56	225.41	1.8	1.96	261.13	250.87	167.82	194.88	221.46	295.02	217.66	217.66
Pacific Basin (831)	163.81	1.5	157.91	105.55	122.93	109.36	1.7	1.20	161.46	155.12	103.76	120.50	107.56	171.87	145.93	161.00
Euro-Pacific (1566)	176.88	1.1	170.51	113.97	132.73	131.19	1.4	2.05	175.04	168.16	112.49	130.63	129.44	178.33	154.73	163.21
North America (741)	240.82	-0.8	232.14	155.17	180.71	240.21	-0.8	2.29	242.80	233.35	156.10	181.27	242.33	246.93	183.41	183.41
Europe Ex. UK (529)	175.78	0.8	169.45	113.26	131.91	140.06	1.0	2.50	174.61	167.94	112.34	130.46	138.69	179.46	148.42	148.42
Pacific Ex. Japan (348)	261.87	1.6	252.44	168.74	196.52	231.14	1.6	3.21	257.81	247.68	165.69	192.41	227.52	266.72	211.19	237.93
World Ex. US (1758)	177.88	1.1	171.47	114.62	133.48	134.94	1.3	2.11	176.03	169.11	113.13	131.37	133.20	178.73	155.42	164.84
World Ex. UK (2192)	196.48	0.2	189.41	126.60	147.44	182.44	0.3	1.99	196.13	188.43	126.05	146.37	181.93	198.37	163.46	169.00
World Ex. Japan (1915)	224.66	-0.2	216.56	144.76	168.58	210.63	-0.1	2.63	225.02	216.18	144.61	167.93	210.74	228.26	181.60	182.59
The World Index (2398)	198.91	0.2	191.75	128.17	149.26	167.19	0.4	2.18	198.47	190.66	127.55	148.12	166.57	200.90	165.92	171.18

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PLEASE NOTE: RTZ (UK) and CRA (Australia) merge effective 1/1/96. The shares will be listed in both countries. There will be no effect on the indices. Latest prices were unavailable for this edition.

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